IN THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF ALABAMA EASTERN DIVISION

CITIFINANCIAL MORTGAGE COMPANY, INC., n/k/a CITIMORTGAGE, INC.,)
PLAINTIFF,)
V.) CV: 3:06ev899-MHT
ALPHA SMITH and VERA M. SMITH,))
DEFENDANTS.	j

PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT AS TO DEFENDANT ALPHA SMITH

COMES NOW CitiFinancial Mortgage Company, Inc., n/k/a Citimortgage, Inc., ("Plaintiff" or "CitiFinancial Mortgage"), and hereby submits this Motion for Summary Judgment on its Petition to Compel Arbitration of claims alleged against it by Defendant Alpha Smith ("Defendant"). In support of this Motion, CitiFinancial Mortgage submits the exhibits attached hereto, the supporting memorandum filed contemporaneously herewith, and further shows as follows:

I. STATEMENT OF UNDISPUTED MATERIAL FACTS

1. On March 11, 2004, Defendant Alpha Smith entered into a loan transaction and arbitration agreement with CitiFinancial Corporation, LLC ("CitiFinancial"), which is an affiliate of Plaintiff CitiFinancial Mortgage. (See Declaration of Teresa M. Baer, at Exhibit 1, attached hereto as Exhibit B). In the arbitration agreement, Defendant Smith agreed to arbitrate any

¹ At this time, CitiFinancial Mortgage is not moving for summary judgment as to Defendant Vera Smith, but it reserves its right to do so.

claims against CitiFinancial, as well as any claims against CitiFinancial's affiliates, including claims he may have regarding a past credit transaction.

2. The arbitration agreement provides, in relevant part:

In consideration of Lender making the extension of credit described in the instrument evidencing your loan ("Note") and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, You and We agree that either You or We have an absolute right to demand that any Claim be submitted to an arbitrator in accordance with this Arbitration Agreement. If either You or We file a lawsuit, counterclaim, or other action in court, the other party has the absolute right to demand arbitration following the filing of such action.

* * *

"You" or "Your" means any or all of Borrower(s) listed above and Non-Obligor(s) who execute the Note, and their heirs, survivors, assigns, and representative.

"We" or "Us" or "Our" means the Lender under the Note listed above, its past, present or future respective parents, subsidiaries, affiliates, predecessors, assignees, successors, and their respective employees, agents, directors, and officers (whether acting in their corporate or individual capacity).

"Credit Transaction" means any one or more past, present or future extensions, applications, or inquiries of credit or forbearance of payment such as a loan, retail credit agreement, or otherwise from any of Us to You.

"Claim" means any case, controversy, dispute, tort, disagreement, lawsuit, or claim now or hereafter existing between You and Us. A Claim includes, without limitation, anything related to:

- The Note, this Agreement, or the enforceability, or the arbitrability of any Claim pursuant to this Agreement, including but not limited to the scope of this Agreement and any defenses to enforcement of the Note or this Agreement;
- Any Credit Transaction;
- Any past, present, or future insurance, service, or other product that is offered or purchased in connection with a Credit Transaction;
- Any documents or instruments that contain information about any Credit Transaction, insurance, service, or product;
- Any act or omission by any of Us;

- Fraud or misrepresentation, including claims for failing to disclose material facts:
- Any federal or state statute or regulation, or any alleged violation thereof, including without limitation insurance, usury, and lending laws;
- Any party's execution of this Agreement and/or willingness to be bound by its terms and provisions; or
- Any dispute about closing, servicing, collecting, or enforcing a Credit Transaction.

* * *

Special Acknowledgements. You understand and acknowledge by signing Your name to this Agreement that (i) a court and/or jury will not hear or decide any Claim governed by this Agreement, (ii) the funding for Your Credit Transaction will come in whole or in part from sources outside this state, which will involve commerce within the meaning of the United States Arbitration Act, 9 U.S.C. §§ 1 et seq., as amended, (iii) discovery in an arbitration proceeding can be much more limited than in a court proceeding, and (iv) rights to appear an arbitration award are very limited.

(See Ex. B, at Ex. 1 (underlined and bolded emphasis added; bolded emphasis in original.))

- 3. The March 11, 2004 loan transaction involves interstate commerce. Indeed, CitiFinancial is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in the State of Maryland, (Ex. B, ¶ 3), and Defendants aver that they are residents of the State of Alabama. Further, CitiFinancial funds its loans made in Alabama, including the March 11, 2004 loan at issue, with capital sources from outside the State of Alabama. (Ex. B. ¶ 4.) When a CitiFinancial loan transaction is closed, such as the March 11, 2004 loan at issue, the customer is given a check, representing the loan proceeds, which is drawn on an account at Mellon Bank in Pittsburgh, Pennsylvania. (Id.) When CitiFinancial makes a loan to a customer, including Defendant Alpha Smith, the CitiFinancial employee processing the transaction inputs data into a nationwide computer system. (Id.)
- 4. On April 17, 2006, Alpha and Vera Smith (husband and wife) filed a lawsuit against Plaintiff CitiFinancial Mortgage in the Circuit Court of Macon County, Alabama, styled

Vera M. Smith and Alpha Smith v. First Capital Mortgage Corporation, The Associates, CitiFinancial Mortgage and Fictitious Defendants "A-Z", Civil Action Number CV-06-84 ("Underlying Action"). (A copy of the Complaint in the Underlying Action is attached hereto as Exhibit A). In the Underlying Action, the Smiths assert claims against CitiFinancial Mortgage based on a loan transaction they entered into with First Capital Mortgage Corporation ("First Capital") in April of 1989. The Smiths allege that First Capital represented to them that they were to make monthly payments of \$312.00 until April, 2004, when their loan would then be The Smiths claim that First Capital assigned their loan to Associates Financial Services, which ultimately became CitiFinancial Mortgage. CitiFinancial Mortgage is an affiliate of CitiFinancial, and it was an affiliate of CitiFinancial as of March 11, 2004. (See Ex. B. ¶ 5.) They further allege that when they made what was supposed to be their last loan payment on April 17, 2004, they were erroneously informed by CitiFinancial Mortgage that they still owed \$8,300. The Smiths assert that their loan payments were not properly applied, and they did not owe \$8,300. They allege fraudulent misrepresentation, promissory fraud, negligent misrepresentation, and negligence. They seek an unlimited amount of compensatory and punitive damages, plus costs.

5. The scope of the March 11, 2004 arbitration agreement is broad and encompasses the claims Defendants assert in the Underlying Action. The arbitration agreement generally encompasses claims in connection with any past, present, or future loan transaction with CitiFinancial or any of its affiliates. The arbitration agreement defines "Credit Transaction" as "any one or more past, present or future extensions, applications, or inquiries of credit or forbearance of payment such as a loan, retail credit agreement, or otherwise from any of Us to You." (Ex. B., at Ex. 1.) It defines "Us" as the Lender (CitiFinancial) and "its past, present or

future respective parents, subsidiaries, affiliates, predecessors, assignees, successors, and their respective employees, agents directors, and officers (whether acting in their corporate or individual capacity)." (Id.) It gives as specific examples of claims that it encompasses "[f]raud or misrepresentation," and "[a]ny act or omission by any of Us." Significantly, the Smiths' claims in the Underlying Action are for fraud and negligence regarding the amount the Smiths owe CitiFinancial Mortgage (an affiliate of CitiFinancial) concerning the 1989 loan (a past loan).

Page 5 of 40

II. ARGUMENT

- 1. The instant action is authorized by Section 4 of the Federal Arbitration Act ("FAA"), 9 U.S.C. §§ 1, et seq. Section 4 of the FAA provides a mechanism by which federal district courts are empowered to enforce agreements to arbitrate, regardless of where the lawsuit between the parties is pending.
- 2. This Court also has diversity jurisdiction over this case, as CitiFinancial Mortgage is organized and existing under the laws of the State of New York, with its principal place of business in the State of Missouri, and Alpha and Vera Smith aver that they are citizens of the State of Alabama.
- 3. In addition, the amount in controversy is over \$75,000, exclusive of interest and costs. The amount in controversy in a petition to compel arbitration is determined by reference to the amount at issue in the Underlying Action on the claims subject to arbitration. Moses H. Cone Mem'l Hosp. v. Mercury Const. Corp., 460 U.S. 1, 25 n.32 (1983) Defendants seek an unlimited amount of compensatory and punitive damages in the Underlying Action. As such, there is no doubt that this Court has jurisdiction over this action.
- 4. Furthermore, all of the prerequisites under the FAA for enforcement of arbitration agreements are satisfied in this matter because (1) there is a valid written agreement to arbitrate;

- (2) the transaction clearly involves interstate commerce; (3) and the scope of the agreement encompasses Defendants' claims asserted in the Underlying Action.
- 5. Finally, CitiFinancial Mortgage has not waived its right to arbitration. (See, e.g., Exhibit C, attached hereto, and Plaintiffs' Memorandum in Support of Motion for Summary Judgment as to Defendant Alpha Smith, filed contemporaneously herewith.)

WHEREFORE, Plaintiff moves the Court to enter an order compelling Defendant Alpha Smith to arbitrate his claims asserted in the Underlying Action.

6

Respectfully submitted,

s/Elizabeth B. Shirley
Reid S. Manley (MANLR6842)
Elizabeth B. Shirley (BOSQE5958)

Attorneys for Plaintiff CitiFinancial Mortgage Company, Inc., n/k/a Citimortgage, Inc.

OF COUNSEL:

BURR & FORMAN LLP

3100 Wachovia Tower 420 North 20th Street Birmingham, Alabama 35203 Telephone: (205) 251-3000 Facsimile: (205) 458-5100

CERTIFICATE OF SERVICE

I hereby certify that on December 29, 2006 I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, and that all counsel are registered in the CM/ECF system and should receive electronic notice.

> s/Elizabeth B. Shirley OF COUNSEL

EXHIBIT A

4088

PACE SCYD TALY AND TEATH OF THE STAND THING THE SAVE THE SAVE THE STAND TO SOME THE SAVE THE

IN THE CIRCUIT COURT OF MACON COUNTY, ALABAMA

VERA M. SMITH and ALPHA SMITH,

Plaintiffs.

VS.

CIVIL ACTION NO. CV-06_84

FIRST CAPITAL MORTGAGE
CORPORATION; THE ASSOCIATES;
CITIFINANCIAL MORTGAGE;
And Fictitious Defendants
"A-Z", whether singular
or plural, as those other persons,
corporations, firms or other entities
whose wrongful conduct caused
or contributed to cause the interior

"A-Z", whether singular or plural, as those other persons, corporations, firms or other entities whose wrongful conduct caused or contributed to cause the injuries and damages to the Plaintiff, all of whose true and correct names are unknown to Plaintiff at this time, but will be added by amendment when ascertained.

Defendants.

JURY TRIAL DEMANDED

CIRCUIT CLERKS DEFICE
MACCH COUNTY AL

2005 APR 17 P 3: 28

EDDIE D. MALLAI
CIRCUIT FILES

COMPLAINT

Vera M. Smith and Alpha Smith ("Plaintiffs") file this Complaint and state:

STATEMENT OF THE PARTIES

- 1. Plaintiff Vera M. Smith is over the age of nineteen (19) years and is a resident citizen of Macon County, Alabama.
- 2. Plaintiff Alpha Smith is over the age of nineteen (19) years and is a resident citizen of Macon County, Alabama.

PAGE 1/7 " RCVD AT 4/21/2006 10:07:19 AM [Central Daylight Time] " SVR:BHM-MCHTFAX15" DNIS:5675 " CSID:9726524163" DURATION (mm-55):02-22

- 3. Defendant First Capital Mortgage Corporation ("First Capital") is an Alabama corporation doing business by agent in Macon County, Alabama.
- 4. Defendants The Associates and Citi Financial Mortgage("Citi") are foreign corporations doing business by agent in Macon County, Alabama.
- 5. Fictitious Defendants "A-Z" whether singular or plural, are those other persons, firms, corporations, or other entities whose wrongful conduct caused or contributed to cause the injuries and damages to the Plaintiffs, all of whose true and correct names are unknown to Plaintiffs at this time, but will be substituted by amendment when ascertained. The term "Defendants" as used herein shall mean First Capital, The Associates, Citi and all fictitious parties, collectively.

STATEMENT OF THE FACTS

- 6. In or around April of 1989, Plaintiffs desired to execute a second mortgage on their home, located at 2913 McFadden Drive, Tuskegee Institute, Alabama 36088. Plaintiffs met with a representative of a First Capital, who represented to Plaintiffs that they would lend them the sum of \$21,498.00 at the yearly interest rate of 15.75%. First Capital further represented to Plaintiffs that they were to make monthly payments in the amount of \$312.00 per month until April 17, 2004.
- 7. Relying on First Capital's representations, Plaintiffs agreed to the second mortgage and borrowed \$21,498.00 from First Capital and began making payments as mandated by the promissory note. On or about April 11, 1989, First Capital assigned Plaintiffs' mortgage to Associates Financial Services. The Associates were acquired by Citigroup on November 30, 2000 and Citi Financial Mortgage became the note holder of Plaintiffs' mortgage. First Capital, The Associates and Citi all represented to Plaintiffs that if they abided by the terms of the

PAGE 217 * RCVD AT 4/2/12006 (10:07:19 AM [Central Daylight Time] * SVR:BHM-RICHTFAX115 * DNIS:3675 * CSID:9726224163 * DURATION (mm-ss):02:22

promissory note, then the second mortgage would be paid off by April 17, 2004. After the Plaintiffs made what was supposed to be the final payment on the loan in 2004, the Plaintiffs discovered that they still owed over \$8,300 to the Defendants. The Defendants did not accurately or properly apply Plaintiffs' payments to their account and have refused to abide by the terms of the promissory note despite their representations. First Capital was responsible for drawing up the terms of the promissory note.

- 8. The representations of the Defendants were false and they knew they were false.
- 9. Plaintiffs discovered the fraud within two (2) years of filing this lawsuit.
- 10. Defendant entered into a pattern or practice of fraudulent conduct, which included the fraud practiced on the Plaintiffs. The conduct by Defendants was intentional, gross, wanton, malicious and/or oppressive.

COUNT ONE

- 11. Plaintiffs re-allege all prior paragraphs of this complaint as if set out here in full.
- 12. In or around April of 1989, Plaintiffs desired to execute a second mortgage on their home, located at 2913 McFadden Drive, Tuskegee Institute, Alabama 36088. Plaintiffs met with a representative of a First Capital, who represented to Plaintiffs that they would lend her the sum of \$21,498.00 at the yearly interest rate of 15.75%. First Capital further represented to Plaintiffs that they were to make monthly payments in the amount of \$312.00 per month until April 17, 2004.
- 13. Relying on First Capital's representations, Plaintiffs agreed to the second mortgage and borrowed \$21,498.00 from First Capital and began making payments as mandated by the promissory note. On or about April 11, 1989, First Capital assigned Plaintiffs' mortgage to Associates Financial Services. The Associates were acquired by Citigroup on November 30, 2000 and Citi Financial

PAGE 3/7 * RCVD AT 4121/2006 10:07:19 AM [Central Daylight Time] * SVR:BHM-FIGHTFAX16 * DNIS:5675 * CSID:9726524163 * DURATION (imm-es):02-22

Mortgage became the note holder of Plaintiffs's mortgage. First Capital, The Associates and Citi all represented to Plaintiffs that if they abided by the terms of the promissory note, then the second mortgage would be paid off by April 17, 2004. After the Plaintiffs made what was supposed to be the final payment on the loan in 2004, the Plaintiffs discovered that she still owed over \$8,300 to the The Defendants did not accurately or properly apply Plaintiffs' payments to their Defendants. account and have refused to abide by the terms of the promissory note despite their representations. First Capital was responsible for drawing up the terms of the promissory note.

- 14. The above stated representations made by the Defendants were false and Defendants knew that they were false.
- 15. Plaintiffs relied upon the false representations made by Defendants by buying the home and making payments.
- 16. As a proximate consequence of Defendants' conduct, Plaintiffs were injured as follows: Plaintiffs paid for a second mortgage that was not as promised; Plaintiffs lost the value of their payments; Plaintiffs lost interest on their payments; Plaintiffs underwent undue financial hardship; Plaintiffs have suffered mental anguish and emotional distress and will continue to do so; and Plaintiffs were otherwise injured and damaged.

WHEREFORE, Plaintiffs demand judgment against Defendants in such an amount of compensatory and punitive damages as a jury deems reasonable, and may award, plus costs.

COUNT TWO

- 17. Plaintiffs re-allege all prior paragraphs of the Complaint as if set out here in full.
- 18. Defendants intended to deceive Plaintiffs and had no intention of performing as promised.

- 19. As a result of Defendants' conduct, Plaintiffs changed their position, entered into the second mortgage and made payments.
 - 20. As a proximate consequence, Plaintiffs were injured and damaged as aforesaid

WHEREFORE, Plaintiffs demand judgment against Defendants in such an amount of compensatory and punitive damages as a jury deems reasonable, and may award, plus costs.

COUNT THREE

- 21. Plaintiffs re-allege all prior paragraphs of the Complaint as if set out here in full.
- 22. At the aforesaid time and place, Defendants innocently, recklessly, negligently or wantonly made the aforementioned misrepresentations and/or concealed the material facts.
 - 23. As a proximate consequence, Plaintiffs were injured and damaged as aforesaid.

WHEREFORE, Plaintiffs demand judgment against the Defendants in such an amount of compensatory and punitive damages as a jury deems reasonable, and may award, plus costs.

COUNT FOUR

- 24. Plaintiffs re-allege all prior paragraphs of the Complaint as if set out here in full.
- 25. Defendants had a duty to execute and deliver the second mortgage as promised and to abide by its terms without damage to the Plaintiffs.
 - 26. Defendants negligently performed their duties to Plaintiffs.
 - 27. As a proximate consequence, Plaintiffs have been damaged as aforesaid.

WHEREFORE, Plaintiffs demand judgment against the Defendants in such an amount of compensatory damages as a jury deems reasonable, and may award, plus costs.

COUNT FIVE

28. Plaintiffs re-allege all prior paragraphs of the Complaint as if set out here in full.

PAGE 58 FROYD AT ARXIVEDUG TO: 19 Edited Devilor Images 1987 From the State of the

- 29. Defendants wantonly performed the above described duties owed to Plaintiffs.
- 30. As a proximate consequence, Plaintiffs were injured and damaged as aforesaid.

WHEREFORE, Plaintiffs demand judgment against the Defendants in such an amount of compensatory and punitive damages as a jury deems reasonable, and may award, plus costs.

COUNT SIX

- 31. Plaintiffs re-allege all prior paragraphs of the Complaint as if set out here in full.
- 32. Defendants breached their contract with Plaintiffs by failing to abide by the terms of their contract with Plaintiffs.
- As a proximate consequence, Plaintiffs were injured and damaged as aforesaid. 33. WHEREFORE, Plaintiffs demand judgment against the Defendants in such an amount of compensatory damages as a jury deems reasonable, and may award, plus costs.

Respectfully Submitted,

TYRONE (MEANS (MEA003) CHARLES JAMES, II (JAM028)

Attorneys for Plaintiffs

OF COUNSEL:

THOMAS, MEANS & GILLIS & SEAY, P.C.

P.O. Drawer 5058

3121 Zelda Court

Montgomery, AL 36103-5058

Telephone:

(334) 270-1033

Facsimile:

(334) 260-9396

PLAINTIFFS DEMAND A TRIAL BY STRUCK JURY O

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF ALABAMA EASTERN DIVISION

CITIFINANCIAL MORTGAGE COMPANY, INC., n/k/a CITIMORTGAGE, INC., PLAINTIFF, V. VERA M. SMITH and ALPHA SMITH, DEFENDANTS.)))) (CV:))
DECLARATION OF	ERESA M. BAER
CITY OF BALTIMORE)	
STATE OF MARYLAND)	

Pursuant to 28 U.S.C. § 1746, I, Teresa M. Baer, state as follows:

- 1. My name is Teresa M. Baer. I am over the age of 19 years and I am competent to testify regarding the matters contained herein. I make this Declaration based upon my own personal knowledge and my review of relevant records, true and correct copies of which are attached hereto.
- 2. I am authorized by CitiFinancial Corporation, LLC (or "CitiFinancial") to execute documents on its behalf. I am familiar with the operations of CitiFinancial and its affiliates, including CitiFinancial Mortgage Company, Inc. (which has merged into Citimortgage, Inc.).
- 3. CitiFinancial is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in the State of Maryland.
- 4. CitiFinancial is in the business of making consumer loans. All of CitiFinancial's loan operations necessarily involve interstate commerce, including Alpha Smith's March 11,

2004 loan transaction with CitiFinancial. For example, CitiFinancial funds its loans made in Alabama with capital sources from outside the State of Alabama. When a CitiFinancial loan transaction is closed, the customer is given a check, representing the loan proceeds, which is drawn on an account at Mellon Bank in Pittsburgh, Pennsylvania. Further, when CitiFinancial makes a loan to a customer, including Alabama customers, the CitiFinancial employee processing the transaction inputs data into a nationwide computer system.

- 5. CitiFinancial Mortgage Company, Inc. (which has merged into Citimortgage, Inc.) is an affiliate of CitiFinancial, and it was an affiliate of CitiFinancial as of March 11, 2004.
- 6. CitiFinancial keeps true and correct copies of the loan agreements entered into between CitiFinancial, on the one hand, and borrowers, on the other hand. According to the business records of CitiFinancial, Alpha Smith closed a loan with CitiFinancial on March 11, 2004. Attached to this declaration as Exhibit 1 is a true and correct copy of the Disclosure Statement, Note and Security Agreement and Arbitration Agreement, executed in relation to the March 11, 2004 loan. These documents were prepared, signed, and are maintained in the regular course of the business of CitiFinancial, and it is and was the regular practice of CitiFinancial to prepare, have signed, and maintain such documents.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Done this <u>3</u> day of October, 2006.

Teresa M. Baer

on M Bags

EXHIBIT 1 TO EXHIBIT A

Case 3:06-cv-00899-MHT-CSC Document 1-5 Filed 10/05/2006 Page 2 of 11 Disclosure Statement, Inte and Security Agreen at Account No. Borrower(s) (Name and mailing address) Lender (Name, address, city and state) CITIFINANCIAL 2352 CORPORATION, LLC 3909-B PEPPERELL PARKWAY ALPHA SMITH Date of Loan 2913 MCFABBEN DR 03/11/2004 OPELIKA AL 36801 TUSKEGEE AL 36083 Total of Payments Amount Financed FINANCE CHARGE ANNUAL PERCENTAGE RATE The amount Borrower will have The amount of credit provided to The dollar amount the credit will paid after Borrower has made all The cost of Borrower's credit as Borrower or on Borrower's behalf. cost Borrower. a yearly rate. payments as scheduled. 7,879.73 14,941.80 7.062.07 28.77 Payment Schedule: Security: If checked, Borrower is giving a security interest in: When Payments Are Due Amount of Payments Number of Motor Vehicle Mobile Home MONTHLY BEGINNING 04/11/2004 249.03 60 Real Property X Other:MISC PERS PROP S Late Charge: If a payment is late, Borrower will be \$ charged 5.0 % of the unpaid amount of the payment 10.00, whichever is more, but in no event s or \$ to exceed \$ 100.00 See the contract documents for any additional information about nonpayment, default, <u>Prepayment:</u> If Borrower pays off early, Borrower may be entitled to a refund of part of the finance charge. any required repayment in full before the scheduled date, and prepayment refunds and Additional Information: 120.00 INSURANCE DISCLOSURE Required Insurance: If Borrower obtains credit that is secured by Borrower's interest in improved real property (including a mobile or manufactured home that is part of real property), then Lender requires Borrower to provide fire and extended coverage for the replacement value of the improvements. If the collateral securing the credit is a motor vehicle (including a recreational vehicle, boat, or movable mobile home). Borrower must provide collision and comprehensive casualty insurance in an amount sufficient to satisfy the unpaid balance of the loan or equal to the value of the collateral, whichever is less. All such policies and renewals thereof must name Lender as loss payee and must be maintained by Borrower, until the credit is repaid in full. Borrower may obtain a new insurance policy or provide an existing policy from any insurer that is acceptable to Lender. If me cream is repaid in tuin. Borrower may obtain a new insurance poncy of provide an existing poncy from any insurer may is acceptable to Lender. It Borrower obtains the collateral protection coverage or Automobile Physical Damage Insurance at Lender's office, Borrower acknowledges that such insurance (1) may cost more than insurance that is available from another insurer, (2) will only protect Lender's interest in the collateral and does not protect Borrower's interest, and (3) does not protect Borrower from claims by other persons. Optional Insurance: Credit life insurance, credit disability insurance, credit personal property insurance, involuntary unemployment Optional Insurance: Credit the insurance, credit ensurance, credit personal property insurance, involuntary intempoyment insurance, and any other insurance products that are not required per the above paragraph are optional to Borrower and are not required in insurance products. Borrower must sign below and in other required documents and will receive an insurance certificate or policy detailing the coverage terms and conditions that apply to the insurance. Borrower should refer to the terms and conditions contained in the applicable insurance certificate or policy issued for the exact insurance. Borrower should refer to the terms and conditions contained in the applicable insurance certificate or policy issued for the exact insurance certificate or policy issued for the exact insurance certificate. description of benefits and exclusions. Borrower is encouraged to inquire about coverage and refund provisions. If the initial amount of coverage for credit life insurance and/or credit personal property insurance set forth in Borrower's insurance certificate or policy is equal to the Total of Payments stated above, it may exceed the amount necessary to pay off Borrower's loan at any given time. Any excess insurance coverage amount that may become payable will be paid to the appropriate party as designated in the insurance certificate or policy. Borrower acknowledges that if optional credit personal property insurance is purchased, Borrower's property coverage under other policies such as bomeowner's or renter's insurance may be adversely affected. Borrower's regular monthly loan payment if Borrower elects not to purchase insurance will be \$ 237.21 Termination of Optional Insurance: Borrower may cancel any of the optional insurance products obtained at Lender's office at any time upon Borrower's written request for cancellation to Lender. If Borrower is in default under the terms of this agreement, Borrower authorizes the insurer to Borrower's written request for cancellation to Lender. It Borrower is in default under the terms of this agreement, Borrower authorizes the insurer to terminate any and/or all optional insurance products upon Lender's request. Upon termination of any insurance for any reason, Borrower authorizes and directs that the insurer deliver the premium refund, if any, to Lender, which will apply it to Borrower's outstanding loan balance. Borrower hereby irrevocably and unconditionally assigns to Lender any right, title or interest which Borrower may have in any premium refund ("Refund"). Such assignment is absolute and not intended as security. Borrower acknowledges and agrees that the Refund shall be the sole property of Lender and that Borrower shall have no interest in the Refund. Lender agrees to pay to Borrower any amount by which the Refund received by Lender exceeds the outstanding loan balance. I/we request the following insurance: Insurance Term (in mos.): Cost/Premium: Insurance Type: SINGLE CREDIT LIFE 379.88 SNONE \$ NONE Date Second Borrower's Signature SNONE \$NONE

TERMS: In this Disclosure Statement, Note and Security Agreement, the word "Borrower" refers to the persons signing below as Borrower, whether one or more. If more than one borrower signs, each will be responsible, individually and together, for all promises made and for repaying the loan in full. The word "Lender" refers to the lender, whose name and address are shown above.

PROMISE TO PAY: Borrower promises to pay to the order of Lender the Total of Payments shown above in the substantially equal, consecutive installments shown above, except that any appropriate adjustments will be made to the first and final payments, until the Total of Payments is fully paid. Upon the final payment date or the acceleration thereof, the entire outstanding balance of this loan shall be due and payable. Any payment(s) which Lender accepts after the final payment date or the acceleration thereof do not constitute a renewal or extension of this loan unless Lender so determines. Lender, at its option, may collect interest from and after the final payment date upon the then unpaid Principal amount of this Dischosure Statement, Note and Security Agreement, at (a) the maximum rate permitted by then applicable law or (b) the rate of interest prevailing under this Disclosure Statement, Note and Security Agreement.

(Intentionally left blank)

Borrower's Initials

Document 1-5

Filed 10/05/2006

2352

Page 3 of 11 03/11/2004

ALDHA SMITH

PREPAYMENT: Borrower may prepay this loan in whole or in part at any time. If Borrower prepays in full before the final payment date or if Lender accelerates the unpaid balance because of Borrower's default. Borrower will be given a refund of the unearned interest portion of the Finance Charge in accordance with the Rule of 78th's if the original term of this loan is 61 months or less or in accordance with the the actuarial method if the original term of this loan is greater than 61 months, figured to the nearest scheduled payment date. However, if this loan is renewed or refinanced by Lender term of this toan is greater than 01 months, figured to the nearest scheduled payment date. However, if this loan is renewed or refinanced by Lender within 120 days from the date of loan, Borrower will be given a refund of the unearned interest portion of the Finance Charge computed on a pro rata basis as of the date of such renewal or refinancing. No refund of less than \$1.00 will be made. Partial prepayment and the application of a Refund to the unpaid balance of the loan will not affect the amount or due date of subsequent scheduled payments on the loan, but may reduce the number of such payments. With respect to the interest surcharge, if Borrower prepays the loan in full within 90 days of the date of the loan, Lender shall refund or credit borrower with a pro-rata portion of the surcharge, except that Lender may retain up to \$25.00. If Borrower prepays the loan in full after 90 days of the date of the loan, no refund of the surcharge will be made by Lender.

SECURITY AGREEMENT	SEC	"UR	YTI	AGR	EEN	1EN	T
--------------------	-----	-----	-----	-----	-----	-----	---

EX B. If this box is checked, to secure the payment and performance hereof, Borrower gives to Lender a security interest under the Uniform Commercial Code in any property for which a description is completed below and all parts and equipment now or later added to the property and any proceeds of the property, all of which will be called "Property". See below for additional terms applicable to this security interest.

1. Motor vehicle/mobile home:				The Constant March
Make, No. Cylinders	Year/Model	Model No. Or Name	Body Type	Identification Number
mane, nor symmetry		1		
1		1		
[1		
1				<u> </u>

2. Other Property: See Exhibit A attached hereto and made a part hereof

C. If this box is checked, Borrower's loan is secured by a Deed of Trust or Mortgage of even date on real property which requires Lender's written consent to a sale or transfer of the encumbered real property located at

. See either the Deed of Trust or the Mortgage for terms applicable to Lender's

interest in Borrower's real property ("Property").

OWNERSHIP OF PROPERTY: Borrower represents that the Property is owned by Borrower free and clear of all liens and encumbrances except those of which Borrower has informed Lender in writing. Prior to any default, Borrower may keep and use the Property at Borrower's own risk, subject to the provisions of the Uniform Commercial Code. If the Property includes a motor vehicle or a mobile home, Borrower will, upon request, deliver the certificate of title to the motor vehicle or mobile home to Lender.

USE OF PROPERTY: Borrower will not sell, lease, encumber, or otherwise dispose of the Property without Lender's prior written consent. USE OF PROPERI I: Borrower will not seil, lease, encumper, or otherwise dispose of the Property without Defined a Property of Borrower will keep the Property at Borrower's address (as shown on page 1) unless Lender has granted permission in writing for the Property to located elsewhere. The Property will be used only in the state in which Borrower lives unless the Property is a motor vehicle, in which case it will be used outside the state only in the course of Borrower's normal use of the Property. Borrower will not use or permit the use of the Property for hire or for illegal purposes.

TAXES AND FEES: Borrower will pay all taxes, assessments, and other fees payable on the Property. If Borrower fails to pay such amounts, Lender may pay such amounts for Borrower and the amounts paid by Lender will be added to the unpaid balance of the loan.

INSURANCE: If the Property includes a motor vehicle or a mobile home worth \$300.00 or more and the amount of the loan is \$300.00 or more, not including insurance charges, Borrower will keep the motor vehicle or mobile home insured with collision and comprehensive casualty insurance, as including insurance charges, Borrower will keep the motor vehicle or mobile home insured with collision and comprehensive casualty insurance, as required by Lender, protecting Lender and Borrower as their interests may appear, for the amount of the unpaid balance of the loan or the value of the motor vehicle or mobile home, whichever is less, until the loan is fully paid. If Borrower purchases any insurance at Lender's office, Borrower understands and acknowledges that (1) the insurance company may be affiliated with Lender, (2) Lender's employee(s) may be an agent for the insurance company, (3) such employee(s) is not acting as the agent, broker or fiduciary for Borrower on this loan, but may be the agent of the insurance company, and (4) Lender or the insurance company may realize some benefit from the sale of that insurance. If Borrower fails to obtain or maintain any required insurance or fails to designate an agent through whom the insurance is to be obtained. Lender may purchase such required insurance for Borrower through an agent of Lender's choice, and the amounts paid by Lender will be added to the unpaid balance of the loan.

FINANCING STATEMENTS: Borrower will sign all financing statements, continuation statements, security interest filing statements, and similar documents with respect to the Property at Lender's request.

LATE CHARGES: If any payment is in default 10 days or more after the scheduled payment date, Borrower may be required to pay a late charge of 5.0% of the unpaid amount of the payment or \$ 10.00, whichever is more, on each payment in default. A late charge will not exceed 100.00. Lender may, at its option, waive any delinquency charge or portion thereof without waiving its right to require a delinquency charge with regard to any other late payment.

NSF CHECKS: Lender may charge a fee not more than the greater of either \$ 20.00 or an amount equal to the actual charge by the depository in institution for the return of unpaid or dishonored instruments to Lender.

LOAN CHARGES: If a law that applies to this loan and that sets maximum loan charges, is finally interpreted so that the interest or other loan Charges collected or to be collected in connection with this loan exceed the permitted limits, then (i) any such loan charge will be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected from Borrower that exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under this loan or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge.

DEFAULT: Borrower will be in default if:

- Borrower does not make any scheduled payment on time;
 Borrower is (or any other person puts Borrower) in bankruptcy, insolvency or receivership;
 Any of Borrower's creditors attempts by legal process to take and keep any property of Borrower, including the Property securing this loan;

Any of Bostower sections and any promise made under this agreement; or A default occurs under any Real Estate Mortgage or Deed of Trust which secures this loan or under any other mortgage or deed of trust on the

If Borrower defaults, Lender may require Borrower to repay the entire unpaid balance, less a refund of unearned Finance Charges, at once. If the debt is referred for collection to an attorney who is not Lender's salaried employee, and the original principal amount or amount financed is over \$300,00, Borrower agrees to pay reasonable attorney's fees not to exceed 15% of the unpaid balance upon default and court costs.

EFFECTS OF DEFAULT: If Borrower defaults, Borrower will deliver the Property to Lender or, upon Lender's demand, assemble the Property and make it available to Lender at a reasonably convenient place. Lender may, without previous notice or demand and without legal process, peacefully enter any place where the Property is located and take possession of it in any way it wishes, subject to applicable State law. Lender does not have to notify Borrower before instituting suit if the note is not paid, and Lender can sue any or all Borrowers upon default of any Borrower.

The Property may be sold with notice at a private or public sale at a location chosen by Lender. At such a sale, Lender may purchase the Property. The proceeds of any sale minus the expenses incurred in collecting on the debt, will be credited to the unpaid balance of Borrower's loan. The expenses that will be deducted from the proceeds of the sale include: the cost of taking, removing, holding, repairing, and selling the Property; fees (if the original amount of the loan is \$300.00 or more) not to exceed 15% of the unpaid balance paid to an attorney who is not Lender's salaried employee; court costs; and the costs of removing any superior liens or claims on the Property.

Borrower's Initials

Case 3:06-cv-00899-MHT-CSC Document 12 Filed 12/29/2006

Case 3:06-cv-00899-MHT-CSC

The following notice applies only if this box is checked.

Document 1-5

Filed 10/05/2006

Page 21 of 40

ALPHA SMITH

2352

Page 4 of 11 03/11/2004

If the proceeds of the sale are not sufficient to satisfy the unpaid balance, earned finance charges, and expenses, subject to applicable Alabama law, Borrower agrees to pay any remaining amount upon demand. If Borrower has left other property in the repossessed property, Lender may hold such

properly temporarily for Borrower without any responsibility or liability for the property. Notice of the time and place of a public sale or notice of the time after which a private sale will occur is reasonable if mailed to the Borrower's

address at least five days before the sale. The notice may be mailed to the Borrower's last address shown on Lender's records. LAW THAT APPLIES: Alabama law and federal law, as applicable, govern this Disclosure Statement, Note and Security Agreement. If any part is unenforceable, this will not make any other part unenforceable. In no event will Borrower be required to pay interest or charges in excess of those

OTHER RIGHTS: Lender may accept payments after maturity or after a default without waiving its rights with respect to any subsequent default in payment. Borrower agrees that Lender may extend time for payment after maturity without notice. The terms of this agreement can be waived or

Where the context requires, singular words may be read in the plural and plural words in the singular. References to the masculine gender may be read to apply to the feminine gender.

OTHER TERMS: Each Borrower under this Disclosure Statement, Note and Security Agreement, if more than one, agrees that Lender may obtain approval from one Borrower to change the repayment terms and release any Property securing the loan, or add parties to or release parties from this approval from one Borrower to change the repayment terms and release any Property securing the loan, or add parties to or release parties from this agreement, without notice to any other Borrower and without releasing any other Borrower from his responsibilities. Borrower before instituting suit if the note is not paid, and Lender can sue any or all Borrowers upon the default by any Borrower.

Borrower, endorsers, sureties and guarantors, to the extent permitted by law, severally waive their right to require Lender to demand payment of amounts due, to give notice of amounts that have not been paid, to receive notice of any extensions of time to pay which Lender allows to any Borrower and to require Lender to show particular diligence in bringing suit against anyone responsible for repayment of this loan, and additionally, montower and to require Lender to show particular difference in tringing suit against anyone responsible for repayment of this total, and admitted any waive benefit of homestead and exemption laws now in force or later enacted, including stay of execution and condemnation, on any Property securing

this loan and waive the benefit of valuation and appraisement. This Disclosure Statement, Note and Security Agreement shall be the joint and several obligation of all makers, sureties, guarantors and endorsers and shall be binding upon them, their heirs, successors, legal representatives and assigns.

If any part of the Disclosure Statement, Note and Security Agreement and, if applicable, the Mortgage or Deed of Trust and accompanying Itemization of Amount Financed and Arbitration Agreement is unenforceable, this will not make any other part unenforceable.

REFINANCING: Borrower has been advised by Lender that the overall cost of refinancing an existing loan balance may be greater than the cost of keeping the existing luan and obtaining a second loan for any additional funds Borrower wishes to borrow.

AUTHORIZATION TO USE CREDIT REPORT: By signing below, Borrower authorizes Lender to obtain, review and use information contained in the Borrower's credit report in order to determine whether the Borrower may qualify for products and services offered by Lender. This authorization terminates when Borrower's outstanding balance due under this Disclosure Statement, Note and Security Agreement is paid in full. Borrower may cancel such authorization at any time by writing the following: Transaction Processing, 300 St. Paul Place, BSP13A, Baltimore, MD 21202. In order to process Borrower's request, Lender must be provided Borrower's full name, address, social security number and account number.

ARBITRATION. Borrower, Non-Obligor(s) (if any) and Lender have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated and made a part of this Disclosure Statement, Note and Security Agreement by this reference.

NOTICE

PROCEEDS HEREOF, RECOVER OF THE DEBTOR HEREUNDER.	SUMER CREDIT CONTRA ERT AGAINST THE SEL VERY HEREUNDER BY TH	IE DEBTOR SHALL NOT EXC	AIMS AND DEFENSES WHICH CES OBTAINED WITH THE EED AMOUNTS PAID BY THE
Agreement and, if applicable, the Mid	rigage of Deed of Trass and at a	moviledges receipt of a copy of this I te accompanying Itemization of Amou	Disclosure Statement, Note and Security nt Financed and Arbitration Agreement, T BEFORE YOU SIGN IT.
WITNESSES:	SDECT)	SIGNED:	(Seal) -Borrower (Seal)
			-Borrower (Seal) -Borrower
SECURITY INTEREST OF NONO	BLIGOR: Borrower only is person preements contained in this Discl	By: (Name and Nut)	NATION, LLC 03/11/2004 14:06:52 Ionobligor is liable and bound by all other greement, including but not limited to the trower in payment of this loan.
right and power of Lender to reposse	iss and sen the Property according	osure Statement, Note and Security At this loan, in the event of default by Bot	(Seal)
Signature	(Seal) Date	Signature	Date

Document 1-5

Filed 10/05/2006

Page 5 of 11

Customer (S) ALPHA SMITH Unemployment All coverage Single Credit Involuntary Single Credit
Disability Single Credit Life Joint Credit Involuntary Credit Property Insurance Joint Credit Disability nemployment Joint Credit Life Credit I/We are not eligible to purchase or have elected not to purchase any of the optional protection plans. *Customer(s) must initial the options chosen The information below assumes the cost of the credit insurance plan(s) purchased will be financed with your loan. 03/11/2004 ü months), subject to the maximum age and other termination provisions in your certificate subject to meeting eligibility requirements. The term of your coverage will be the same as the term of your loan For Both Borrowers - The unemployment coverage pays or reduces the monthly payment if you tose your job through no fault of your own. For Primary Borrower Only - The unemployment coverage pays or reduces the monthly payment if you lose your job through no fault of For Primary Borrower Only - The disability coverage can pay or reduce your monthly loan payment in the event you become sick, hurt or disabled due to a qualified disability and have been off of work and For Both Borrowers - The disability coverage can pay or reduce your monthly loan payment in the event you become sick, hurt or disabled due to a qualified disability and have been off of work and under a under a doctor's care for 7 to 30 days. your own. or stolen under the terms of your certificate, coverage pays a benefit, up to \$ N/A replace the item(s). For Primary Borrower Only - If you die, the life coverage pays off or reduces the balance of your loan. If there is any excess benefit, it will For Both Borrowers - If you die, the life coverage pays off or reduces the balance of your loan. If there is any excess benefit, it will be paid the beneficiary you designate for this purpose. doctor's care for 7 to 30 days. be paid to the beneficiary you designate for this purpose an item we are using for security for the loan is damaged, destroyed (please refer to These are optional protection plans and their purchase has no effect on our loan decision OPTIONAL PROTECTION CHOICES -Description of Benefits product brochures for more detail) Original (Branch) the personal property that will help you Credit Insurance, Personal Loan Copy ರ App# Date \$N/A \$N/A SN/A \$N/A 45 Approximate Total (Customer) \$N/A \$N/A (Financed) Premium 1729 379 03/11/2004 .89 |\$N/A \$N/A \$N/A \$N/A * \$N/A \$N/2 Approximate Increase in Monthly 12 Payment 02 Borrower (Customer's initials") Customer(s) Initials Insurance Chosen Co-Borrower X × × X

JOINT LIFE INSURANCE BENEFIT: If joint life coverage was requested and an additional premium paid for it, we will pay the benefit amount of insurance in force to the Creditor when the first of you die and after we receive due proof of death at our administrative offices. In the event of your simultaneous deaths, only one such benefit will be paid.

AMOUNT OF LIFE INSURANCE: Your life is initially insured for the lesser of: 1) the Maximum \$100,000; or 2) an amount equal to the Initial Debt (excludes unearmed finance charges) Plus One Monthly Loan Payment. If the Initial Debt Plus One Monthly Loan Payment, is less than the Maximum, the amount of insurance decreases so that it remains equal to your scheduled unpaid debt (excluding uneamed finance charges) plus one monthly loan payment.

If the Initial Debt Plus One Monthly Loan Payment, is greater than the Maximum, the amount of insurance decreases and is only a patient of the observed monthly loan payment. a portion of the scheduled unpaid debt (excludes unearmed finance charges) plus one monthly loan payment, and is determined

CREDITOR-DEBTOR INSURANCE CERTIFICATE DECREASING TERM LIFE BENEFITS SINGLE LIFE/JOINT LIFE/SINGLE DISABILITY

Copy(Ins. Co.)

If the Initial Debt Plus One Monthly Loan Payment is greater than the maximum and a premium for the excess amount is charged, we have the right to refund the excess premium. However, we will be liable for any claim arising prior to the date of each ording.

MAXIMUM LIMITS OF LIABILITY: If you are currently covered under another certificate of insurance issued under the same group policy mentioned above in connection with another debt, making the total amount of life insurance in excess of the Maximum Amount of Life insurance shown in the Schedule, the insurance in excess will be canceled. You will receive a refund or credit of the premium paid in excess.

SUICIDE: If you die as the result of suicide or self-destruction, while sane or insane, within one year of the Effective Date of this insurance, a death benefit will not be paid. A refund of the unearmed life insurance premium will be made.

DISABILITY INSURANCE BENEFIT

If a disability premium is shown in the Schedule, we will pay a benefit for disability suffered by you during the term of your insurance resulting from Accidental Injury or caused by Sickness in the manner and to the extent shown below.

ELIGIBILITY: This disability coverage is provided only if you are actively at work at least 30 hours per week on the date the debt is incurred and truthfully answer "NO" to the health question(s) in this Certificate of Insurance.

SINGLE DISABILITY INSURANCE BENEFIT: We will pay a Monthly Benefit to the Creditor after we receive due proof of your total disability at our administrative offices.

MONTHLY BENEFIT: If, while insured, you become Totally Disabled, and remain Totally Disabled continuously for the number of days indicated in the Waiting Period shown on the Schedule, we will pay a benefit for each day of disability. This benefit will be calculated at the rate of 1/30 of the Monthly Indemnity shown in the Schedule. Benefits will commence on the first day of such disability but in no event will payments continue beyond the date the insurance terminates. Only one benefit per day will be payable during any period of Total Disability even though Total Disability is caused by or results from both Accidental Injury and Sickness.

The total amount of monthly disability benefits payable in the event of Total Disability, as defined below, will not exceed the aggregate of the Monthly Indemnity shown in the Schedule multiplied by the number of months remaining in the insurance term, at the time disability commences. If it is found that you have paid premium for insurance in excess of the maximum amount of insurance, we will not, by reason of that maximum, reduce or restrict benefits due you by reason of a valid claim, if the claim is incurred prior to a refund of premium for excess coverage.

DEFINITIONS: "Sickness" means illness or disease which commences during the term of insurance and which results in Total Disability. "Accidental Injury" means accidental bodily injury sustained by you during the term of insurance and which results in Total Disability. "Sickness" and "Accidental Injury" definitions are both subject to the pre-existing conditions exclusion (f), as defined below. "Total Disability" during the first 12 consecutive months of disability means that because of Accidental Injury or Sickness you are unable to perform any duties of your occupation. For the remainder of the period of disability, "Total Disability" means that you are unable to perform any duties of any other occupation for which you are qualified by reason of education, training or experience. During any period of disability, you must be under the care of a legally qualified physician or surgeon other than yourself, the joint debtor, or a member of your immediate family.

EXCLUSIONS: This insurance does not cover any disability resulting from: (a) normal pregnancy; (b) intentionally self-inflicted injuries; (c) flight in nonscheduled aircraft; (d) war, declared or undeclared; or (e) conditions which manifested themselves to you by requiring medical diagnosis or treatment within 6 months preceding the Effective Date of this insurance and which caused loss within the 6 months following the Effective Date of this insurance; however, any disability commencing after that time resulting from such conditions shall be covered.

STANDARD PROVISIONS-DISABILITY INSURANCE

NOTICE OF CLAIM: You must send a written notice to us or our agent regarding your disability claim within 20 days after disability starts or as soon as reasonably possible. The notice should include sufficient information to identify you as an insured Debtor.

CLAIM FORMS: Upon receipt of your notice, we will send you the necessary forms for filing a claim. If you do not receive the forms within 15 working days, you can simply send us a written statement covering your disability. The statement should be signed by your physician and should include the dates as well as the nature and extent of your disability. Thereafter, claim forms are required to be filed every 30 days, while disability continues.

PROOF OF DISABILITY: The proof of total disability signed by your physician must be sent to us no later than 90 days after the disability ends. If it is not possible to submit proof within 90 days, we will not reduce or deny a claim for this reason, if the proof is filed as soon as reasonably possible.

In any event, the necessary proof must be given no later than one year from the date the disability commenced unless you are legally incapable of doing so.

TIME OF PAYMENT OF CLAIMS: Provided written proof of disability is submitted, all benefits to which you are entitled will be payable by us to the Creditor each month. Any benefits remaining at the end of your period of disability will be paid as soon as we receive proper written proof.

72068 Original (Branch) Copy (Customer) Copy (Ins. Co.) Page 2 of 3

Case 3:06-cv-00899-MHT-CSC Document 1-5 Filed 10/05/2006 Page 7 of 11 PHYSICAL EXAMINATION: We, at our 4 a expense, have the right to have you explined as often as reasonably necessary while a claim is pending.

LEGAL ACTION: No legal action may be brought by you to recover on this insurance within 60 days after written proof of disability has been given. No such action may be taken after 3 years from the time proof of disability is given.

GENERAL PROVISIONS

AGE LIMIT: If either of you misstate your age and have attained age 67 prior to the date your debt was incurred the insurance is void. In such instance, all premiums paid will be refunded. However, if either of you correctly stated your age to be above the maximum, and a Certificate of insurance was issued in error, we have the right to terminate the coverage and refund the full premium, provided that such refund is made prior to any claim.

PAYMENT OF CLAIMS: Any benefits paid will be paid to the Creditor to reduce or extinguish your unpaid debt. Whenever the amount of insurance exceeds the unpaid debt, any excess will be paid to a beneficiary, other than the Creditor, named by you, or to your estate. We will pay the excess, if any, by check or draft.

PREMIUM: The amount of premium charged by the Creditor for this insurance may not legally exceed that paid by the Creditor to us, on your behalf.

AUTOPSY: We, at our own expense, have the right to have an autopsy performed, unless it is not permitted by law.

TERMINATION OF INSURANCE: This insurance automatically terminates on the earliest of the following dates: 1) when you request cancellation of the insurance; 2) when the loan is paid off early, renewed or refinanced; 3) on the original scheduled maturity date of your loan; 4) upon repossession of the collateral given as security for the loan or by the loan or any portion of it being charged off or required to be charged off by law; 5) upon 6 months without a payment being made on your loan; or 6) the Expiration Date shown in the Schedule.

REFUND OF PREMIUM: If the insurance is terminated prior to the original scheduled Expiration Date, the uneamed portion of the prepaid premium will be refunded to You and/or credited to your account. Any such refund will be calculated according to the "Rule of 78". Refunds of less than \$1.00 will not be made.

CONFORMITY WITH STATE STATUTES: Any provision of this Certificate of Insurance which, on its Effective Date, is in conflict with the statutes of the state in which it was issued is changed to conform to the minimum standards of those statutes.

ENTIRE CONTRACT: The policy including the certificate, any endorsements, and any attached papers, constitutes the entire contract of insurance. All statements made by the policyholder or by you will be deemed representations and not warranties. No statements made by you will be used in any contest unless a copy of the statement is or has been furnished to you or your beneficiary.

INCONTESTABILITY: Insurance under this Certificate of Insurance, in an amount up to and including \$1,000 will not be contested, except for nonpayment of premiums or fraud, after it has been in force for ninety days from its Effective Date. Insurance under this Certificate of Insurance, in an amount over \$1,000 or more, will not be contested, except for nonpayment of premiums or fraud, after it has been in force during Your lifetime for one year from its Effective Date. No statement made by or on behalf of You relating to your insurability will be used in a contest of his Insurance unless it is contained in a written statement signed by you, and a copy has been furnished to you and/or your beneficiary.

TRANSFER PROCEDURE: We reserve the right to enter into an agreement with another insurer to transfer the liability under this Certificate without prior notice to You. We shall be relieved of all liability transferred, and the assuming insurer shall be directly and solely liable to You for those obligations or risks.

Pot B Dally

Document 1-5

Filed 10/05/2006 Page 8 of 11



THIS ARBITRATION AGREEMENT PROVIDES THAT ALL DISPUTES BETWEEN BORROWER AND CERTAIN OTHER PERSONS ON THE ONE HAND AND LENDER AND CERTAIN OTHER PERSONS AND ENTITIES ON THE OTHER HAND, EXCEPT THOSE SPECIFIED BELOW, WILL BE RESOLVED BY MANDATORY, BINDING ARBITRATION. YOU THUS GIVE UP YOUR RIGHT TO GO TO COURT TO ASSERT OR DEFEND YOUR RIGHTS (EXCEPT FOR MATTERS THAT ARE EXCLUDED FROM ARBITRATION AS SPECIFIED BELOW). YOUR RIGHTS WILL BE DETERMINED BY A NEUTRAL ARBITRATOR AND NOT A JUDGE OR JURY. YOU ARE ENTITLED TO A FAIR HEARING, BUT THE ARBITRATION PROCEDURES ARE SIMPLER AND MORE LIMITED THAN RULES APPLICABLE IN COURT.

BORROWER(S) ALPHA SMITH	LENDER CITIFINANCIAL
2913 MCFABBEN DR TUSKEGEE AL 36083	CORPORATION, LLC 3909-B PEPPERELL PARKWAY OPELIKA AL 36801
Date of Note 03/11/2004	Account Number 2352

In consideration of Lender making the extension of credit described in the instrument evidencing your loan ("Note") and other good and valuable in consideration of Lender making the extension of credit described in the instrument evidencing your loan ("Note") and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties. You and We agree that either You or We have an absolute right to demand that any Claim be submitted to an arbitrator in accordance with this Arbitration Agreement. If either You or We file a lawsuit, counterclaim, or other action in court, the other party has the absolute right to demand arbitration following the filing of such action.

Definitions for Arbitration Agreement. As used in this Arbitration Agreement ("Agreement"), the following definitions will apply:
"You" or "Your" means any or all of Borrower(s) listed above and Non-Obligor(s) who execute the Note, and their heirs, survivors, assigns, and

rou of local includes any or many or means the Lender under the Note listed above, its past, present or future respective parents, subsidiaries, affiliates, "We" or "Us" or "Our" means the Lender under the Note listed above, its past, present or future respective parents, subsidiaries, affiliates, predecessors, assignees, successors, and their respective employees, agents, directors, and officers (whether acting in their corporate or individual

capacity).

"Credit Transaction" means any one or more past, present, or future extensions, applications, or inquiries of credit or forbearance of payment such as a loan, retail credit agreement, or otherwise from any of Us to You.

"Claim" means any case, controversy, dispute, tort, disagreement, lawsuit, or claim now or hereafter existing between You and Us. A Claim includes, without limitation, anything related to:

. The Note, this Agreement, or the enforceability, or the arbitrability of any Claim pursuant to this Agreement, including but not limited to the scope of this Agreement and any defenses to enforcement of the Note or this Agreement;

Any Credit Transaction;

- Any past, present, or future insurance, service, or other product that is offered or purchased in connection with a Credit Transaction; Any documents or instruments that contain information about any Credit Transaction, insurance, service, or product;

Any act or omission by any of Us;

- Fraud or misrepresentation, including claims for failing to disclose material facts;

 Any federal or state statute or regulation, or any alleged violation thereof, including without limitation insurance, usury, and lending laws;
- Any party's execution of this Agreement and/or willingness to be bound by its terms and provisions; or Any dispute about closing, servicing, collecting, or enforcing a Credit Transaction.

"Rules" means the then applicable rules and procedures that govern consumer disputes for the chosen "Administrator" (as defined below).

Agreement to Arbitrate Claims. Upon written request by either party that is submitted according to the Rules for arbitration, any Claim, except those specified below in this Agreement, shall be resolved by binding arbitration in accordance with (i) the Federal Arbitration Act, (ii) the then applicable Rules of the chosen "Administrator", and (iii) this Agreement, unless We and You both agree in writing to forgo arbitration. The terms of this Agreement shall control over any inconsistency between the Rules of the Administrator and this Agreement. The party initiating the arbitration must choose one of the three following arbitration firms ("Administrator") and follow the Rules for initiating and pursuing an arbitration:

1920 Main Street, Suite 300 Irvine, CA 92610 www.jamsadr.com

American Arbitration Association 335 Madison Avenue, Floor 10 New York, NY 10017-4605 www.adr.org

National Arbitration Forum P.O. Box 50191 Minneapolis, MN 55405

You may obtain a copy of the Rules and a form of dentand for arbitration for each Administrator by contacting the Administrator or by accessing the Administrator's internet site. We or You may bring an action, including a summary or expedited proceeding, to compel arbitration of any Claim, and/or to stay the litigation of any Claim pending arbitration, in any court having jurisdiction. Such action may be brought at any time, even if a claim is part of a lawsuit, up until the entry of a final judgment. You and We also agree to submit to final, binding arbitration not only all Claims, but also any claim or dispute You or We have against (i) all persons and/or entities involved with any Credit Transaction or any other matter relating to this Disclosure Statement, Note and Security Agreement, (ii) all persons and/or entities who signed or executed any document relating to any Credit Transaction or Claim, and (iii) all persons and/or entities who may be jointly or severally liable to either You or any of Us regarding any Claim.

Judgment. Judgment upon any arbitration award may be entered in any court having jurisdiction. If timely requested by either party, the arbitrator shall provide a brief written statement of the reasons for any award.

Claims Excluded from Arbitration. Neither You nor We may require the other to arbitrate the following types of matters:

- Any action to the extent necessary to obtain a judicial order for the purpose of (a) effecting a foreclosure or transferring title being foreclosed, or permitting exercise of extra-judicial or self-help repossession under applicable law, with respect to an interest in property, or (b) establishing, perfecting or clearing title, with respect to an interest in property.
 Any Claim where all parties collectively (including multiple named parties) seek monetary relief in the aggregate of \$15,000.00 or less in total relief, including but not limited to compensatory, statutory and punitive damages, restitution, rescission, disgorgement, costs and fees (including attorneys' fees); or any Claim brought in and subject to the jurisdiction of a small claims court, so long as such matter remains in (including attorneys' fees); or any Claim brought in and subject to the jurisdiction of a putative class of persons, will, for purposes of this exclusion, be deemed to exceed \$15,000.00. In the event that any party fails to specify the amount being sought for any relief, or any form or component of relief, the amount being sought for purposes of this exclusion, be deemed to exceed \$15,000.00, unless the matter remains in and subject to the jurisdiction of the small claims court.
 ricionating in a lawsuit or seeking enforcement of this section by a court shall not waive the right to arbitrate any other Claim

Participating in a lawsuit or seeking enforcement of this section by a court shall not waive the right to arbitrate any other Claim

Administration of Arbitration. Arbitration shall be administered by the chosen Administrator, but if said Administrator is unable or unwilling to Administration of Arbitration. Arbitration shall be chosen by the party initiating the arbitration and that Administrator shall be chosen by the party initiating the arbitration and that Administrator shall be chosen by the party initiating the arbitration.

administer the arbitration, then an alternate Administrator shall be chosen by the party initiating the arbitration and that Administrator shall administer any arbitration required under this Agreement pursuant to its Rules. The arbitrator shall make his or her decision in accordance with the applicable law, and shall be empowered to award any damages or other relief provided for under the applicable law.

Place of Arbitration. The arbitration shall be conducted in the country of Your residence, unless all parties agree to another location.

Appeal. Either You or We may appeal the arbitrator's award in accordance with the then applicable Optional Appeals Procedures of JAMS or in accordance with procedures otherwise agreed to by You and Us, and the award may be subject to judicial review on the grounds stated in 9 U.S.C.

No Class Actions/No Joinder of Parties. You agree that any arbitration proceeding will only consider Your Claims. Claims by or on behalf of other borrowers will not be arbitrated in any proceeding that is considering Your or Our Claims. Because You have agreed to arbitrate all Claims, You may not serve as a class representative or participate as a class member in a putative class action against any party entitled to compel

Depositions. After a derivand for arbitration is made, You and We may conduct a limited number of depositions by mutual agreement. Any disagreements concerning the taking of depositions will be resolved by the arbitrator.

Borrower's Initials:

Document 1-5

Filed 10/05/2006 Page 9 of 11

Costs. Unless the Rules of the Administration proceeding shall be divided as follows:

- The party making demand upon the Administrator for arbitration shall pay to the Administrator the filing fee required by the Rules when the The party making demand upon the Administrator for arbitration shall pay to the Administrator the fluing fee required by the knies when the demand is made, except that We will pay the amount of the filing fee in excess of the amount of the fee that would be required for You to file a lawsuit in Your jurisdiction. In addition, We will pay to the Administrator all other administrative costs of the arbitration proceeding. However, the arbitrator may award Us, in accordance with Rules, the excess amount of any such filing fee and any other arbitration administrative costs We incur if the arbitrator determines that the Claim was made in bad faith or lacks any justification on Your part. Despite our agreement to pay costs and fees described above, you have the option to pay Your share of filing fees and administrative costs consistent with the applicable Rules.
- Each party shall pay his/her own attorney, expert, and witness fees and expenses, unless otherwise required by law or by other terms of the

Governing Law. This Agreement is governed by federal law and by the laws of the state where the closing of the Credit Transaction took place, but

only to the extent that such state laws are consistent or compatible with federal law. Interpretation. Jurisdictional and arbitrability disputes, including disputes over the existence, validity, interpretation or scope of this Agreement under which arbitration is sought, shall be submitted to and ruled on by the arbitrator, unless the relevant law requires that a court of competent jurisdiction make such determinations. The arbitrator has the authority to determine jurisdiction and arbitrability prior to conducting a full hearing on

Severability. If the arbitrator or any court determines that one or more terms of this Agreement or the Rules are unenforceable, or would make this Agreement unenforceable, only such terms(s) shall be deemed unenforceable and shall be deemed stricken from this Agreement, but such Agreement unenforceable, only such terms(s) shall be deemed unenforceable and shall be deemed stricken from determination shall not impair or affect the enforceability of the other terms of this Agreement or the Rules. Survival. This Agreement applies even if the Note has been paid in full, charged off by us, or discharged in bankruptcy.

Special Acknowledgments. You understand and acknowledge by signing Your name to this Agreement that (i) a court and/or jury will not hear or decide any Claim governed by this Agreement, (ii) the funding for Your Credit Transaction will come in whole or in part from sources outside this state, which will involve commerce within the meaning of the United States Arbitration Act, 9 U.S.C. §51 et seq., as amended, (iii) discovery in an arbitration proceeding can be much more limited than in a court proceeding, and (iv) rights to appeal an arbitration award are very limited.

READ THE ABOVE ARBITRATION AGREEMENT CAREFULLY. IT LIMITS CERTAIN OF YOUR RIGHTS, INCLUDING YOUR RIGHT TO OBTAIN REDRESS THROUGH COURT ACTION. BY SIGNING BELOW, YOU AGREE TO THE TERMS CONTAINED IN THIS AGREEMENT AND ACKNOWLEDGE THAT THIS DOCUMENT DID NOT CONTAIN ANY BLANK SPACES WHEN YOU SIGNED THIS AGREEMENT AND ACKNOWLEDGE THAT THIS DOCUMENT DID NOT CONTAIN ANY BLANK SPACES WHEN YOU SIGNED

The Arbitration Agreement is executed as of the "Date of Note" written above.

ALPHA SMITH Borrower	ANN I RU	Borrower
Non-Obligor	By: (Lender Nymy fast Titly)	

Document 1-5 EXHIBIT A Filed 10/05/2006

Page 10 of 11

Identification of Security Form (Valuation of Personal Property)
In connection with the security agreement I (we) hereby identify the personal property securing a loan together with a total of the replacement value of the property defined below.

ITEN	Number: 2352 IS PURCHASED WITH THE PROCEEDS	OF THE CREDIT TRANSACTION	REPLACEMENT VALUE
#	ITEM	DESCRIPTION	NEPLACEMENT VALUE
	AS CURRENTLY OWNED BY THE BORR	OWER(S)	
. ITEN	IS CURRENTLY OWNED BY THE BOTH	Livel same to offer	
(we) or securi	wn <u>3</u> television sets and <u>4</u> radios and ty the television and/or radios listed and describe	d below (if any).	wer(s) initials
	ITEM	DESCRIPTION	REPLACEMENT VALUE
2	TELEVISIONS >25" SCREEN	36" SANYO AND DVD PLAYER	2,000 4,000
1	COMPUTER & ACCESSORIES	GATEWAY AND ALL ACCESSORIES	1,77
		}	
		1	
			•
		1	
	}		
			1
		1	
	·		
	l.		
			Ì
1			
		ļ	
			\
		-	
1		ļ	

(we) hereby affirm that the replacement value of goods used as security on this redit transaction is Date: 03/11/2004 Borrower(s) Signature	\$6,000
Borrower(s) Signature:	

Case 3:06-cv-00899-MHT-CSC Document 12 Page 28 of 40 Filed 12/29/2006

Case 3:06-cv-00899-MHT-CSC Document 1-5 Filed 10/05/2006 Page 11 of 11

ALPHA SMITH 2913 MCFABBEN DR TUSKEGEE AL 36083 OPELIKA AL 36801 OPELIKA AL 36801	mber
\$\frac{2,006.85}{NONE}\$ Amount given to you directly (check to you) \$\frac{120,00}{120,00}\$ Prepaid fina \$\frac{NONE}{5.872.88}\$ Amount paid on your prior account \$\frac{5.872.88}{5.872.88}\$ Credit Life \$\frac{379.88}{5.872.88}\$ Credit Life \$\frac{NONE}{5.872.88}\$ Credit Disability \$\frac{NONE}{5.872.88}\$ Property Insurance	
\$ 2,006.85 Amount given to you directly (check to you) \$ 120.00 Prepaid fina \$ NONE Amount paid on your prior account \$ 5,872.88 Amount paid to others on your behalf (sum of schedules A through C) SCHEDULE A: PREMIUMS PAID TO INSURANCE COMPANIES \$ 379.88 Credit Life \$ NONE Credit Disability \$ NONE Property Insurance	
\$ 379.88 Credit Life \$ NONE Credit Disability \$ NONE Property Insurance	
s NONE Credit Disability Property Insurance	
\$ NONE Property insurance	
s NONE Automobile Single Interest	
\$NONE	

SCHEDL	ILE C: PAID	TO OTHERS

NONE

AMOUNT

Recording Fee

Release Fee

Stamps/intangible/transfer tax

NONE

NONE

 AMEX	PAYOFF OF ACCOUNT

PAYEE NAME

PAYOFF OF ACCOUNT PAYOFF OF ACCOUNT AMEX CAP 1 BANK HHLD BANK 2,716.00 305.00 472.00 OTHER ALPHA SMITH 2,000.00

ANY AMOUNTS LISTED IN SCHEDULE C. PAYABLE AS BROKER FEES, APPLICATION FEE, SETTLEMENT FEE, OVERNIGHT DELIVERY FEE, FLOOD CERTIFICATION FEE OR TAX SERVICE FEE ARE INCLUDED IN PREPAID FINANCE CHARGE AND NOT IN THE AMOUNT FINANCED.

REASON

EXHIBIT C

BURR & FORMAN LLP

ATTORNEYS AND COUNSELORS

3 100 WACHOVIA TOWER 420 NORTH 20TH STREET BIRMINGHAM, ALABAMA 35203

(205) 251-3000 (205) 458-5 (00 (FAX) www.burr.com

September 27, 2006

Charles James, II
Thomas, Means, Gillis & Seay, P.C.
P.O. Drawer 5058
3121 Zelda Court
Montgomery, Alabama 36103-5058
Telephone: 334-270-1033

Re: Vera M. Smith and Alpha Smith v. First Capital Mortgage Corporation, et al.,

CV-06-84

Dear Charles:

Elizabeth B. Shirley

Direct Dial: (205) 458-5186 Direct Fax; (205) 244-5705

Email: bshirley@burr.com

1

We represent Defendant CitiFinancial Mortgage Company, Inc. (or "Defendant") in the above-referenced action. We have just learned that Plaintiff Alpha Smith entered into a loan transaction and arbitration agreement with CitiFinancial Corporation, LLC ("CitiFinancial") on March 11, 2004. The March 11, 2004 arbitration agreement encompasses the claims that the Plaintiffs assert against Defendant (which is an affiliate of CitiFinancial) in the above-referenced action. A copy of the March 11, 2004 loan and the arbitration agreement is enclosed herewith.

Defendant intends to exercise its right to compel Plaintiffs to bring their claims asserted in the above-referenced action in arbitration. As such, your clients do not need to respond to Defendant's First Set of Interrogatories, Requests for Production and Requests for Admission, which were served on August 16, 2006 — before Defendant was aware of the arbitration agreement enclosed herewith.

Please let us know if your clients will agree to arbitrate their claims in the above-referenced matter, or whether Defendant will have to proceed with formal action. Thank you for your consideration of this matter.

Sincerely.

Beth Shilley

Elizabeth B. Shirley

cc: Reid S. Manley

Enclosures

ALABAMA . GEORGIA . MISSISSIPPI . TENNESSEE

	(Name and the	iting address		e and Security	ty and chi	0)	Account No.	
	\		••	CITIETHANCIAL	•	ال ا	2352	
ALPHA (CORPORATION, LL		7	Date of Loan	
2913 M	CFABBEN DR Er al 3608	2		3909-B PEPPEREL OPELIER AL 36	B01	n.ı	03/11/200	4
					-			
ANNUAL The cost a yearly	PERCENTAGE of Borrower's rain.	credit.as	cost Borrows	sount the credit will The	MOMES OF C	cod Coredit provided to a Berrower's behalf 179.73	paid after Bor payments as a	rower will have
			<u> </u>					
Payment :		e .		When Payments		Security: If check	od, Borrower is g	iving a security
Payment				Are Due		interest lo:	_	
60	\$ 249	03	MONTHLY B	EGINATES 04/11/20	04	Motor Vehic		
-00	\$					Resi Property	(X) Other:HI	iac pers prop
	·			· · · · · · · · · · · · · · · · · · ·		Late Charge: H	payment is late	, Borrower will be
	\$					charged 5.0%	of the unpaid and	secure of the payment
	\$							nors, but in no event
		6	عدا المسلمانات	ermation about nonpayment	default.	1	.00.00	
see the c any requ penalties	ired repayment	in full befo	ce the schedul	ed date, and propayment re-	lends and	Pennsyment: If B	orrower pays off fund of part of th	early, Borrower may e flance Charge.
ditional I	nformation:			بالكنظائن المجمعالية سنبوج والبهوري				
rerest sur 120								
120	.00						, , , , , , , , , , , , , , , , , , , 	
				INSURANCE DISC at is secured by Borrower's				
mor hras			SUCH POUCTOS		I and	are and love record and	ment he maintain	
he collate he credit forrower nurrance protect Bo Dptional naurance priner req naurance leacriptio if the init	ral, whichevar is repaid in full obtains the cold obtains the cold (1) may cost a recover's interest (1) may cost a recover's interest (1) may cold should credit (1) may cold obtain c	Borrower interal protes tore than ins st, and (3) d Credit His r issurance If Herrower ats and will sould refer and exclusion coverage for	may obtain a: etion coverage surance that is less not protect inestrance, et a geoducts that r desires value to the terms a ms. Borrower r credit life in	now incitage peacy or pro- or Automobile Physical Di- avaliable from another luma r Borrower from claims by o redit disability insurance, it are not required per the sterily to purchase my of t semmes conditions contained in its encouraged to impulse to perance and/or credit person	vide an exi- amage loss ser, (2) will der person excellt per- above par- hess epile licy details a the appli- about cove- mal proper	sting policy from any rance at Lander's of carly protect Lander's any protect Lander's any protect Lander's any protect Lander's any protection of the carlo and the coverage to lead to any protection of the protection of the carlo and any protection of the carlo any protection of the carlo any protection of the carlo and any protection of the carlo any protection of t	y insurer that is a tilde, Borrower a t's interest in the neurance, devolu- i-to Berrower a sate, Berrower a crass and coudifi- riffents or polic ovisions. he Borrower's or's loss at any a	ned by Borrower, until cognitable to Leader. It acknowledges that such collisteral and does not makery seamaployment of are not required in must sligh below and it tous. that apply to the sy feesed for the exact insurance certificate or riven time. Any excess
he collate he credit is acrower marrance crosect Bo Optional meurance crosect Bo Optional meurance description of the initial policy is a insurance Borrower borne complete the policy is a finsurance borne complete the meurance th	ral, whichever is repaid in full obtains the cold (1) may cost a prower's interesting the support of the cold of t	Borrower interest protes to core than ion st, and (3) d Credit life or issurance if Herrowen ats and will sould refer and exclusion coverage for tall of Payson unt that manufact if eptic insurance in the manufact if eptic insurance in	may obtain a ; cition coverage semance that is come not protect finestrance, or a products that a products that the cities with a product seman a seman a condition of the constant of the con	now increase peacy or practice or Automobile Physical Di- available from another lumin is Borrower from claims by a redit disability insurance, it are not required per the attriby to purchase my of a newronce certificate or po- ned conditions contained in its encouraged to inquire a parameter and/or credit person while will be paid to the a soual property insurance in by affected.	vide an ex- nunge lina er, (2) wil ther person eredit pr above pan hase appli- licy details a fine appli- about cover al proper ni necessar properhased,	ting policy from any rance at Lander's of early protect Lander's of early protect Lander's of early protect Landers. It is the early and early and the eaverage to testing the eaverage testing the eaverage testing property to pay off Borrow party as designated Borrower's propert	y insurer that is a files, Borrower a r's interest in the seurance, favolu- i to Berrower a sust, Berrower a runs end combli- rifficate or polic ovisions. h in Berrower's er's loss at any in the insurancy y coverage unde	ned by Borrower, until orspitable to Leader. He discovinedges that such collisieral and does not untary unamployment and are not required to man that sign below and is loss that spayly to the ty feesand for the exac- ingurance certificate or given time. Any excess a certificate or solicy
the collate the co	ral, whichever is repaid in full obtains the cold (1) many cost a prower's interesting the cold and sany other should be credit, paired slocuments, Berrower and it amount of equal to the To coverage amount of exchowledges er's or renter's regular mention of Options: 's written requires that he into revocably and rail	Borrower interest protections and (3) different interest in the control of the control of the control of Payment in the control of	may obtain a section coverage senance that is common that is common, or a products the r desires when a resulve an a fee the terms a sea. Borrower r credit life in master stated about become pay near credit per may be adverted expressed if Berrower little or to Learn unance product the premium a tall intended as ave se bateres	now increase peacy or pro- or Automobile Physical Di- avaliable from another luma- t Borrower from claims by o- redit disability insurance, it are not required per the aterity to purchase my of t- newronce conditions contained in its encouraged to impaire to surance and/or credit perso- ve, it may exceed the amont yable will be paid to the anotal property insurance is	vide an ex- amage lient ser, (2) will der person ceredit p above pan hase eptic licy deadif a file appl about core ani proper ni necessar properhate proclassed, the series the	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a files, Berrower a r's interest in the sourance, levels to Berrower as runs and combli- rifficate or polit- ovisions. h is Berrower's r's loss at any is the insurancy y coverage unde .21 and at Lender's most, Berrower nee for any rease r's continuoling I ave in any rease "a continuoling I was in any rease "Refund shall is	collisteral and does not makery managing/ment and are part required in must sign below each in the many feased for the exact insurance certificate or given time. Any excess a certificate or policies such as the managing of the exact policies such as the policies at any time upon authorizes the insurer authorizes an balance. Borrower authorizes any fease grouperty or the sale property
he collaine he crodit loorower murance crotect Bo Defiend assurance description of the college in the college i	ral, whichever is repaid in full obtains the cold in full obtains the cold (1) may cost a prower's interesting the cold and say often obtains credit, unired document, Bestrower about the coverage amount of equal to the To coverage amount of coverage amount of coverage amount of coverage amount of coverage amount is a resultar mequal to the coverage amount of coverage and coverage coverage and coverage cover	Borrower interest protes acre than in st., and (3) d Credit life or issurance in the sand will be seen at and will be seen at a contract of Payson unt that mathest if epick incurance or at the seen at t	may obtain a cition coverage senance that is con not protect the research, or a products the research was a product the research and the terms a sea. Borrower recredit life in mists stated about y become pay be adversed and credit per may be adversed and the research product the president research president is the president and president is the president and the president is the president and the president is the president and the president and the president is the president and the president and the president is the president and the president a	now instruce peacy or pro- or Automobile Physical Di- available from another luma r Borrower from claims by a redit disability insurance, it are not required per file insurance cardificate or pol- materity to purchase may of a necessary of the laquire is parance and/or credit person ve, it may exceed the anom- yable will be paid to the a soual property insurance is by affected. Trower elects not to purcha- may cancel any of the opti- der. If Borrower is in dealer, its upon Lender's request. Lender my right, this or i	vide an ex- amage lient ser, (2) will der person ceredit p above pan hase eptic licy deadif a file appl about core ani proper ni necessar properhate proclassed, the series the	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a titlee, Berrower a r's interest in the searnmen, levels in the searnmen, levels and conditions, Berrower's er's loss at any gize the insurance y coverage under the searn, Berrower's enest, Berrower ance for any reason, Raffund shall is amount by which	and by Borrower, until oraptable to Leader. If a cincowiedges that such collisions and does not make y unemployment and are not required in sums sign below and his least that apply to the y leaved for the exact insurance certificate or policy a other policies such a certificate or policy a other policies such a certificate the insurance certificate or policy a other policies such a certificate or policy a other policies such a certificate at any time upon authorizes the insurer to un. Borrower authorize such a leasure. Borrower lauthorizes the sale groperty of the Refund received be
ne collate ne credit i corrower murance protect Bo Detional assurance assurance diner requirement of the limit onlicy is consurance Borrower comeower model borrower terminate and direct hereign assurance hereign assurance and direct assurance are limited assurance and direct assurance are limited assurance and direct assurance assurance as Lender at Lender at I/we required.	ral, whichevar is repaid in full obtains the cold obtains the cold (1) may cost a prower's interesting the same of	Borrower interest protes acre than in st., and (3) d Credit His resurrance if Herrower that sud will send a refer to the coverage for tall of Paysia unt that sus that sus that if optic incurance it achieves a liver and the control optional in transcriptions in the control in	may obtain a retire coverage senance that is one not protect the construct the results and the construct the president to be intended as any so alternover the president to the president the president to the intended as any so between belance, ce:	now increase peacy or party or or Automobile Physical De available from another knear a Borrower from claims by a redit disability insurance, it are not required per the assurance conditions only of a more and or orditions of a more and or orditions of in encouraged to imprice a serance and/or credit person ve, it may exceed the anomy able will be paid to the a sonal property insurance in ly affected. Trower elects not to purchase may cancel any of the option. If Borrower is in definite upon Lender's request. Vertically, if any, to Lender, if any, to Lender, a security. Borrower schmit in the Refund. Lender a	vide an ex- amage lient er, (2) will ther person credit pu above cove and proper nt ascessar ppropriate purchased, es hasares in unfer th Upoa term white will awindings i gross to pu	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a titlee, Berrower a r's interest in the searnmen, levels in the searnmen, levels and conditions, Berrower's er's loss at any gize the insurance y coverage under the searn, Berrower's enest, Berrower ance for any reason, Raffund shall is amount by which	and by Borrower, until creptable to Leader. He calmowledges that such collisions and does not make y unemployment and are not required in sum tigat below and its least tigat below and its least tigat the trace insurance certificate or policy a other policies such a certificate at any time upon authorizes the insurers to m, Borrower authorizes the insurer to m, Borrower authorizes the sele groparty of the Refund received by
e collaire e credit de corrower surrance crotect Bo priceral seurance rider to comment of the initial collection of the in	ral, whichever is repaid in full obtains the cold obtains the cold (1) many cost is provided and sany other substain credit. In the control of the country o	Borrower interest proto- sore than in- st, and (3) d Credit His- er insurance to His and will see and exclusive and exclusive to verage for tall of Paysia unt that ma- that if optic interest interest and y I have the cauca optional in- ter deliver unconditions out in wer shall le- ter and in wer shall le- ter interest in interest in	may obtain a rection coverage senance that is one not protect the construct the results and the construct the first state and the terms are. Borrower are tredit per and the president if Ber and particular protection to Lemman product the president and the president and the president are no interest not intended as are no interest not construct the president are not interest not construct the president are not interest not construct the president are interest.	now increase peacy or pro- or Automobile Physical De available from another luma t Borrower from claims by a redit disability insurance, it are not required per the atterily to purchase my of t assurance contitionte or po- mad conditions contained it is encouraged to impaire t serence and/or credit perso ve, it may exceed the amou- vable will be paid to the a sonal property insurance is by affected. Trower elects not to purcha may cancel any of the opti der. If Borrower is in defin is upon Lender's request, to the firm, to Lender, v Lander any right, this or i security. Rorrower acknow t he the Refund. Lender a languance Tamu (in mos.)	vide an ex- amage lient er, (2) will ther person credit pu above cove and proper nt ascessar ppropriate purchased, es hasares in unfer th Upoa term white will awindings i gross to pu	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a titlee, Berrower a r's interest in the searnmen, levels in the searnmen, levels and conditions, Berrower's er's loss at any gize the insurance y coverage under the searn, Berrower's enest, Berrower ance for any reason, Raffund shall is amount by which	and by Borrower, until cognitable to Leader. It collisteral and does not minery seamployment and are not required in mast sign below and in team. that apply to the team that apply to the continuance certificate or given time. Any excess a certificate or policy r other policies such a office at any time upo authorizes the insurer to m., Borrower authorizes san balance. Borrowe itum refinad ("Refund") to the asle property
he collate he credit he credit he credit he credit he convert murance protect Bo Deticular mesurance before requisurance lescription of the init colley is insurance Borrower homeown Borrower herminate and direct hereby it Such assi Lender a Lender a Lender a Liwe required to the cost/President output for the cost/President in the college of the cost/President in the college of the cost/President in the college of the cost/President in the cost/President in the college of the cost/President in the cost/	ral, whichever is repaid in full obtains the cold cobtains the cold (1) may cost a prower's interesting the cold say other special say other special say other credit. The coverage amount of equal to the To coverage amount of equal to the To coverage amount of regular transfers or renter's regular meet the repulsar meet the say and/or all its that the inservocably and ignment is absund that Berry exceeds the outsident in the following minum:	Borrower interest proto- sore than in- st, and (3) d Credit His- er insurance to His and will see and exclusive and exclusive to verage for tall of Paysia unt that ma- that if optic interest interest and y I have the cauca optional in- ter deliver unconditions out in wer shall le- ter and in wer shall le- ter interest in interest in	may obtain a retire coverage senance that is one not protect the construct the results and the construct the president to be intended as any so alternover the president to the president the president to the intended as any so between belance, ce:	now increase peacy or pro- or Automobile Physical De available from another luma t Borrower from claims by a redit disability insurance, it are not required per the atterily to purchase my of t assurance contitionte or po- mad conditions contained it is encouraged to impaire t serence and/or credit perso ve, it may exceed the amou- vable will be paid to the a sonal property insurance is by affected. Trower elects not to purcha may cancel any of the opti der. If Borrower is in defin is upon Lender's request, to the firm, to Lender, v Lander any right, this or i security. Rorrower acknow t he the Refund. Lender a languance Tamu (in mos.)	vide an ex- amage lient er, (2) will ther person credit pu above cove and proper nt ascessar ppropriate purchased, es hasares in unfer th Upoa term white will awindings i gross to pu	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a titlee, Berrower a r's interest in the searnmen, levels in the searnmen, levels and conditions, Berrower's er's loss at any gize the insurance y coverage under the searn, Berrower's enest, Berrower ance for any reason, Raffund shall is amount by which	and by Borrower, until icreptable to Leader. It icknowledges that such collisional and does not makery unemployment and are not required in sums sign below and it ions. that apply to the sy leaved for the exact insurance certificate or given time. Any excess a certificate or policy it other policies such a diffice at any time upo authorizes the insurer to m. Borrower authorize sans balance. Borrows luin refund ("Refund") in the sele property of the Refund received it
he collate he credit to conver murance protect Bo Detional management of the collection of the collect	ral, whichever is repaid in full obtains the cold obtains the cold (1) many cost is provided and sany other substain credit. In the control of the country o	Borrower interest proto- sore than in- st, and (3) d Credit His- er insurance to His and will see and exclusive and exclusive to verage for tall of Paysia unt that ma- that if optic interest interest and y I have the cauca optional in- ter deliver unconditions out in wer shall le- ter and in wer shall le- ter interest in interest in	may obtain a rection coverage senance that is one not protect the construct the results and the construct the first state and the terms are. Borrower are tredit per and the president if Ber and particular protection to Lemman product the president and the president and the president are no interest not intended as are no interest not construct the president are not interest not construct the president are not interest not construct the president are interest.	now increase peacy or pro- or Automobile Physical De available from another luma t Borrower from claims by a redit disability insurance, it are not required per the atterily to purchase my of t assurance contitionte or po- mad conditions contained it is encouraged to impaire t serence and/or credit perso ve, it may exceed the amou- vable will be paid to the a sonal property insurance is by affected. Trower elects not to purcha may cancel any of the opti der. If Borrower is in defin is upon Lender's request, to the firm, to Lender, v Lander any right, this or i security. Rorrower acknow t he the Refund. Lender a languance Tamu (in mos.)	vide an ex- amage last ser, (2) will ther person hase existing dealtin a fine application and proper not prope	ting policy from any rance et Lander's of only protect Lander's of property as and reflected property as designated Borrows's propert of will be \$ 237 to teres of this agree instinct of any insurance poly it to Borrows poly it to Borrows poly it to Borrows that Borrows and agree instinct of any insurance of the Borrows rany is not any of any insurance of	y insurer that is a files, Berrower a r's interest in the sentance, levels in the sentance, levels in Berrower as must. Berrower a rum and omitificate or politovisions. h is Berrower's er's loss at any it the insurance y coverage under 121. 21. 12. 13. 14. 15. 16. 17. 18. 18. 18. 18. 18. 18. 18	and by Borrower, unfi- inceptable to Lander. It is included and the Lander. It is continuously to the such a such

SKONE

TERMS: In this Disclosure Statement, Note and Security Agreement, the word "Borrower" refers to the persons signing below as Borrower, whether one or more. If more than one borrower signs, each will be responsible, individually and together, for all promises made and for repaying the loan in full. The word "Lender" refers to the lender, whose name and address are shown above.

FROMISE TO PAY: Borrower premises to pay to the order of Lender the Total of Payments above in the substantially equal, consecutive installments abown above, except that any appropriate adjustments will be made to the first end final payments, until the Total of Payments is fully installments abown above, except that any appropriate adjustments will be made to the first end final payment, until the Total of Payments is fully paid. Upon the final payment date or the acceleration thereof, the entire customining belone of this loan shall be due and payable. Any payment(s) which Lender accepts after the final payment date or the acceleration finareof do not constitute a remarked or extension of this loan unless Lender so determines. Lender, at its option, may collect interest from and after the final payment date upon the then unpuld Principal amount of this Disclosure Statement, Note and Security Agreement, at (a) the maximum rate permitted by then applicable law or (b) the rate of interest prevailing under this Disclosure Statement, Note and Security Agreement.

(Intentionally left blank)

Bocrower's Indiana

Alpha snith	188		23.52	03/11/2004
ALPHA SMITH <u>PREPAYMENT;</u> Bostower may p	repay this Iodia in whole or in pr	art at any time. If Borrower p	repeys in full before the final p	syment date or if Leads:
accelerates the unpaid balance bec in accordance with the Rule of 78	gues of Borrower's definit, Bo	crower will be given a saland	i of the timesrood interest posts:	ig Of the Manace Charge is method if the original
term of this loan is preater than 6	i months. Houself to the naures	± schednied navment dele. H	ograver, if this loan is removed	or relinanced by Laster
within 120 days from the date of i	nes. Rossowar will be alven a s	reflead of the uneersed interes	st nortion at the Finance Charg	& computed out & per Fals
harle on of the date of such recent	al oc sufinencing. No relicted of	less than \$1.00 will be made	s. Parillel prenevment and the a	polication of a Referral X
the unpaid balance of the loan will such payments. With respect to the	NOT RESIDENT THE AMERICAN OF CHE	ec access the loss in fall wi	s payment, on the test, but in this 96 days of the date of this !	loan. Leader shall refund
or credit horsower with a neo-rate	portion of the surcharge, excep	pt that beader may retain up	to \$25.00. If Borrower prepay	the loan is his tiles K
days of the date of the loss, no rel	and of the surcharge will be ma	de by Leader.		
SECURITY AGREEMENT:				
A. If this box is checked, this	loan is ussecured.			
B. If this box is checked, to Commercial Code in any p	monante for which a description	ile izee verdéel bejeleene a e	gives to Leader a security int perts and equipment now or la radditional terms applicable to	

1. Motor vehicle/mobile home	d			
Make, No. Cylinders	Year/Model	Model No. Or Name	Body Type	Identification Number
,,		į.	1	1
1		Ì	i	
i		1		
		ì	i	i
			<u> </u>	<u> 1</u>

2. Other Property: See Exhibit A attached hereto and made a part hereof

C. If this box is checked, Borrower's loss is secured by a Deed of Trust or Mortgage of even date on real property which requires Leader's written consent to a sale or transfer of the encombered real property located at

. See either the Deed of Trust or the Mortgage for terms applicable to Leader's

interest in Borrower's real property ("Property").

OWNERSHIP OF PROPERTY: Borrower represents that the Property is owned by Borrower free and clear of all liens and encumbrances except fluxe of which Borrower has informed Lender in writing. Prior to any definalt, Borrower may keep and use the Property at Borrower's own risk, subject to the provisions of the Uniform Commercial Code. If the Property includes a motor vehicle or a mobile home, Borrower will, upon request, deliver the cartificate of title to the motor vehicle or mobile home to Lander.

USE OF PROPERTY: Borrower will not sell, lease, encumber, or otherwise dispose of the Property without Leader's prior written cossest.

Borrower will keep the Property at Borrower's address (as shown on page 1) unless Lander has granted permission in writing for the Property to be located elsewhere. The Property will be used only in the state in which Borrower lives unless the Property is a motor vehicle, in which case it will be used outside the state only in the course of Borrower's normal use of the Property. Borrower will not use or permit the use of the Property for hire or for Blegal purposes.

TAXES AND FIRS: Borrower will pay all taxes, assessments, and other floes payable on the Property. If Borrower fails to pay such amounts, Leader may pay such amounts for Borrower and the amounts paid by Leader will be added to the unpaid belience of the loan.

INSURANCE: If the Property includes a motor vehicle or a mobile home worth \$300.00 or more and the amount of the loan is \$300.00 or more, not including insurance charges, Borrower will keep the motor vehicle or mobile home insured with collision and comprehensive casualty insurance, as required by Lander, protecting Lander and Borrower as their interests may appear, for the amount of the unpaid balance of the loan or the value of the motor vehicle or mobile home, whichever is less, until the loan is fully paid. If Borrower purchases any insurance at Lander's effice, Borrower moderatands and acknowledges that (1) the insurance company may be artilisted with Lender, (2) Lander's employee(a) may be an agent for the insurance company, (3) such employee(s) is not acting as the agent, broker or fiduciary for Borrower on this loan, but may be insurance company, and (4) Lander or the insurance company may realize some benefit from the sale of that insurance. If Borrower falls to obtain or maintain any required insurance or falls to designate an agent through whom the insurance is to be obtained, Lander may purchase such required insurance for Borrower through an agent of Lander's choice, and the amounts paid by Lander will be added to the unpaid balance of the loan.

FINANCING STATEMENTS: Borrower will sign all financing statements, continuation statements, security interest filling statements, and similar documents with respect to the Property at Lender's request.

LATE CHARGES: If any payment is in default 10 days or more after the scheduled payment date, Borrower may be required to pay a late charge of 5.0% of the unpaid amount of the payment or \$ 10.00, whichever is more, on each payment in default. A late charge will not exceed \$ 100.00. Lender may, at its option, waive any delinquency charge or portion thereof without walving its right to require a delinquency charge with regard to any other late payment.

NSF CHRCKS: Lender may charge a fee not more than the greater of either \$ 20.60 or an amount equal to the actual charge by the depository in institution for the return of unpaid or distrements to Lender.

LOAN CHARGES: If a law that applies to this loan and that sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the pennited limits, then (i) any such loan charge will be reduced by the amount necessary to reduce the charge to the pennited limit, and (ii) any sums already collected from Borrower that exceeded permitted limits will be refunded to Borrower. Leader may choose to scale this refund by reducing the principal owed under this loan or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial propayment without any prepayment charge.

DEFAULT: Borrower will be in default if:

1. Borrower does not make any scienduled payment on time;
2. Borrower is (or any other person puts Rorrower) in bunkruptcy, insolvency or receivership;
3. Any of Borrower's creditors attempts by legal process to take and keep any property of Borrower, including the Property securing this loan;
4. Borrower fails to fulfill any promise made under this agreement; or
5. A default occurs under any Real Relate Mortgage or Deed of Trust which secures this loan or under any other mortgage or deed of trust on the real property.

If Borrower defaults, Lender may require Borrower to repay the entire unpeid balance, less a refund of unsamed Finance Charges, at once. If the debt is referred for collection to an attorney who is not Lender's salaried employee, and the original principal amount or amount financed is over \$360.00, Borrower agrees to pay reasonable attorney's flees not to exceed 15% of the unpeid balance upon default and court costs.

EFFECTS OF DEFAULT: If Borrower definits, Borrower will deliver the Property to Leader or, upon Leader's demand, assemble the Property and make it available to Leader at a reasonably convenient place. Leader may, without previous notice or demand and without legal process, peacefully enter any place where the Property is located and take possession of it in any way it wishes, subject to applicable State law. Leader does not have to notify Borrower before instituting suit if the note is not paid, and Leader can use any or all Borrowers upon default of any Borrower.

The Property may be sold wish notice at a private or public sale at a location chosen by Lender. At such a sale, Lander may purchase the Property. The proceeds of any sale minus the expenses incurred in collecting on the debt, will be credited to the angeld balance of Borrover's leas. The expenses that will be deducted from the proceeds of the sale include: the cost of uting, removing, holding, repairing, and selling the Property; flees (if the original amount of the loan is \$300.00 or more) not to exceed 15% of the unpuid balance paid to an attorney who is not Lender's salaried employee; court costs; and the costs of removing any superior liens or claims on the Property.

Borrower's Initials

se 3:06-cv-00899-ivin i -CSC	Document 12	Filed 12/29/2006	Page 33
ALPHA SMITH If the proceeds of the mile are not sufficient to think the		2 2352	03/11/2004
Borrower agrees to pay any remaining amount upon desc	mend. If Borrower has left other	charges, and expenses, subject to app property in the repossessed property, I	dicable Alabama law Londer may hold suci
property temperarily for Borrower without any responsible Notice of the time and place of a public rate or notice	the or the property.		
address at least five days before the sale. The notice may	y he mailed to the Borrower's lest	additte shows on Leader's records.	
LAW THAT APPLIES: Aisbensa hw and finderal law, a unembrocable, this will not make any other part unsuffy permitted by law.	marble. In no event will Borret	Mix po tedapted to bay tension or entra	See 16 excess or most
OTHER RIGHTS: Leader may accept payments after m payment. Borrower agrees that Leader may extend these changed only is a writing signed by Leader.	s for payment after maturity will	look notice. The mean of this spream	NEEK CHIN DE MAIMEU (A
Where the context requires, singular words may be read to apply to the feminine gender.	in the piural and piural words in t	he singular. References to the musculin	ng Souget anny po tong

OTHER TERMS: Back Borrower under this Discheme Statement, Note and Security Agreement, if more than one, agrees that Lender may obtain approval from one Borrower to change the repayment terms and release any Property securing the loan, or add parties to or release parties from this agreement, without notice to any other Borrower and without releasing any other Borrower from his responsibilities. Lander does not have to notify Borrower spin mix if the note is not paid, and Lender can see any or all Borrowers upon the definit by any Borrower.

Borrower, endorsers, sureties and guarantors, to the extent permitted by law, severally waive their right to require Lender to demand payment of amounts due, to give notice of amounts that have not been paid, to receive action of any extensions of time to pay which Lender allows to any Borrower and to require Lender to show particular diligence in bringing suit against anyone responsible for repayment of this loan, and additionally, waive benefit of homestead and examption laws now in fome or later enacted, including stay of execution and condensation, on any Property securing this loan and waive the benefit of valuation and appealments.

This Disclosure Summent, Note and Security Agreement shell be the joint and several obligation of all makers, sureties, guarantors and endorsers and shall be binding upon them, their heirs, successors, legal representatives and assigns.

If any part of the Disclosure Statement, Note and Security Agreement and, if applicable, the Mortgage or Deed of Trust and accompanying Isamization of Amount Pinasced and Arbitration Agreement is unsuffereable, this will not make any other part unsuffereable.

REFINANCING: Borrower has been advised by Lender that the overall cost of refinancing an existing loan balance may be greater than the cost of keeping the axisting loan and obtaining a second loan for any additional funds Borrower winkes to borrow.

AUTHORIZATION TO USE CREDIT REPORT: By signing below, Bostower authorizes Londer to obtain, review and use information contained in the Bostower's credit report in order to determine whether the Bostower may qualify for products and services offered by Lender. This authorization terminates when Bostower's outstanding belance due under this Disclosure Statement, Note and Security Agreement in paid in fidi. Bostower may cancel such authorization at any time by writing the following: Transaction Processing, 300 St. Paul Place, BSP13A, Bakimore, MD 21202, In order to process Bostower's request, Lender must be provided Bostower's full same, address, social security number and account number.

ARBITRATION. Borrower, Non-Obligor(s) (if say) and Lender have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated and made a part of this Disclosure Statement. Note and Security Agreement by this reference. The following notice applies only if this box is checked. NOTICE ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DESTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OSTAINED WITH THE PROCEEDS HEREOF, RECOVERY HEREUNDER BY THE DESTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER. By signing below, Borrower agrees to the terms contained herein, acknowledges receipt of a copy of this Disclosure Statement, Note and Security Agreement and, if applicable, the Mortgage or Deed of Trust and of the accompanying Bemization of Amount Financed and Arbitration Agreement, and authorizes the disbursements stated therein. CAUTION - IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT. WITNESSES: Romana BTIMB AR (Seel) -Romower

SECURITY INTEREST OF NONOHILICOR: Bosrower only is personally liable for payment of the loan. Nonobligor is liable and bound by all other terms, conditions, covenents, and agreements contained in this Disclosure Statement, Note and Security Agreement, including but not limited to the right and power of Lender to repossess and sell the Property securing this loan, in the event of dafault by Borrower in payment of this loan.

(Seal)	Signature	(Sout) Date
--------	-----------	-------------

CITIVINATIA PROPRIORATION

< M

03/11/2004 14:06:52

.

Case 3:06-cv-00899-MHT-CSC

21240-2 6/2003 03/11/2004 13:55:17

IWe are not eligible to purchase or have elected not to purchase any of the optional protection plans.

Original (Branch)

Copy (Customer)

Customer(s) initials

months), subject to the maximum age and other termination provisions in your certificate

*Customer(s) must initial the options chosen.

OPTIONAL PROTECTION CHOICES - Credit Insurance, Personal Loan App # 729

Customer (8) ALERA BUTE

The info	Date 03/11/2004 These are optional protection plans and their purchase has no effect on our loan decision information below assumes the cost of the credit insurance plan(s) purchased will be financed.	Date 03/11/2004 se has no effect on plan(s) purchased v	/2004 ct on our loan o sed will be fina	ecision. nced with your loan.	r loan.
Credit kneurance	Description of Benefits (please refer to product brochures for more detail)	Approximate Total Presiden (Financed)	Approximate Increase In Monthly Payment	Insurance Chosen (Customer's late Borrower C	hosen hosen hosen co-Borrower
Single Credit involuntary persployment	For Primary Borrower Only - The unemployment coverage pays or reduces the monthly payment if you lose your job through no fault of your own.	\$#/A	X/X		AN A
Joint Credit Involuntary Unemployment	For Both Borrowers - The unemployment coverage pays or reduces the monthly payment if you lose your job through no fault of your own.	\$#/A	\$#/A		
Single Credit Disability	For Primary Borrower Only - The dissbiffly coverage can pay or reduce your monthly loan payment in the event you become sick, hurt or disabled due to a qualified disability and have been off of work and under a doctor's care for 7 to 30 days.	\$H/A	\$4/A		NA
Joint Credit Disability	For Both Borrowers - The disability coverage can pay or reduce your monthly loan payment in the event you become sick, hunt or disabled due to a qualified disability and have been off of work and under a doctor's care for 7 to 30 days.	\$W/X	\$ M/A		
Single Credit	For Prisnery Borrower Only - If you die, the life coverage pays off or reduces the balance of your losn. If there is any excess benefit, if will be paid to the benefit, any ou designate for this purpose.	\$ 379.89	379.89 \$ 12.02	ST A	N/A
Joint Cradit	For Both Borrowers - If you die, the life coverage pays off or reduces the balance of your loan. If there is any excess benefit, it will be paid to \$M/A the beneficiary you designate for this purpose.	\$16/A	\$ N/A		
Gredit Property	If an item we are using for security for the loan is damaged, destroyed or stolen under the terms of your certificate, the personal property coverage pays a benefit, up to \$ <u>\text{\text{N/\text{\text{N}}}}</u> , that will help you replace the item(s).	v/#\$	V/#\$		
VII coverage is	All coverage is subject to meeting eligibility requirements. The term of your coverage will be the same as the	our coverage v	term of your coverage will be the same		e term of your loan

JOINT LIFE INSURANCE BENEFIT: If joint life coverage was requested and an additional premium paid for it, we will pay the benefit amount of insurance in force to the Creditor when the first of you die and after we receive due proof of death at our administrative offices. In the event of your simultaneous deaths, only one such benefit will be paid.

AMOUNT OF LIFE INSURANCE: Your life is initially insured for the lesser of: 1) the Maximum \$100,000; or 2) an amount equal to the initial Debt (excludes unsamed finance charges) Plus One Monthly Loan Payment. If the initial Debt Plus One Monthly Loan Payment, is less than the Maximum, the amount of insurance decreases so that it remains equal to your scheduled unpaid debt (excluding unsamed finance charges) plus one monthly loan payment. If the initial Debt Plus One Monthly Loan Payment, is greater than the Maximum, the amount of insurance decreases and is only a portion of the scheduled unpaid debt (excludes unsamed finance charges) plus one monthly loan payment, and is determined on solitours. as follows:

CREDITOR-DEBTOR INSURANCE CERTIFICATE DECREASING TERM LIFE BENEFITS SINGLE LIFE/JOINT LIFE/SINGLE DISABILITY

72068

First, the ratio of the Maximum white Initial Debt Plus One Monthly Loan Regenent will be determined. That ratio will then be applied to the acheduled, applied debt (excludes unearned finance officially) plus one monthly loan payment. Fo example, if the Maximum were \$100,000 and the Initial Debt Plus One Monthly Loan Payment, is \$150,000, the ratio would be 2/3. Therefore, if the scheduled unpaid debt (excludes unearned finance charges) plus one monthly loar payment, is \$120,000, we would pay a benefit of \$50,000 (i.e. 2/3 of \$120,000).

If the Initial Debt Plus One Monthly Loan Payment is greater than the maximum and a premium for the excess amount is charged, we have the right to refund the excess premium. However, we will be liable for any claim arising prior to the date or such refund.

MAXIMUM LIMITS OF LIABILITY: if you are currently covered under another certificate of insurance issued under the same group policy mentioned above in connection with another debt, making the total amount of life insurance in excess of the Maximum Amount of Life insurance shown in the Schedule, the insurance in excess will be canceled. You will receive a refund or credit of the premium paid in excess.

SUICIDE: If you die as the result of suicide or self-destruction, while same or insane, within one year of the Effective Date of this insurance, a death benefit will not be paid. A refund of the unexmed life insurance premium will be made.

DISABILITY INSURANCE BENEFIT

If a disability premium is shown in the Schedule, we will pay a benefit for disability suffered by you during the term of your insurance resulting from Accidental Injury or caused by Sickness in the manner and to the extent shown below.

ELIGIBILITY: This disability coverage is provided only if you are actively at work at least 30 hours per week on the date the debt is incurred and truthfully answer "NO" to the health question(s) in this Certificate of incurance.

SINGLE DISABILITY INSURANCE BENEFIT: We will pay a Monthly Benefit to the Creditor after we receive due proof of your total disability at our administrative offices.

MONTHLY BENEFIT: if, while insured, you become Totally Disabled, and remain Totally Disabled continuously for the number of days indicated in the Weiting Period shown on the Schedule, we will pay a benefit for each day of disability. This benefit will be calculated at the rate of 1/50 of the Monthly indemnity shown in the Schedule. Benefits will commence on the first day of such disability but in no event will payments continue beyond the date the insurance terminates. Only one benefit per day will be payable during any period of Total Disability even though Total Disability is caused by or results from both Accidental Injury and Sickness.

The total amount of monthly disability benefits payable in the event of Total Disability, as defined below, will not exceed the aggregate of the Monthly indemnity shown in the Schedule multiplied by the number of months remaining in the insurance term, at the time disability commences, if it is found that you have paid premium for insurance in excess of the maximum amount of insurance, we will not, by reason of that maximum, reduce or restrict benefits due you by reason of a valid claim, if the claim is incurred prior to a refund of premium for excess coverage.

DEFINITIONS: "Sickness" means iliness or disease which commences during the term of insurance and which results in Total Disability. "Accidental injury" means accidental bodily injury sustained by you during the term of insurance and which results in Total Disability. "Sickness" and "Accidental injury" definitions are both subject to the pre-existing conditions exclusion (f), as defined below. "Total Disability" during the first 12 consecutive months of disability means that because of Accidental injury or Sickness you are unable to perform any duties of your occupation. For the remainder of the period of disability, "Total Disability" means that you are unable to perform any duties of any other occupation for which you are qualified by reason of education, training or experience. During any period of disability, you must be under the care of a legally qualified physician or surgeon other than yourself, the joint debtor, or a member of your immediate family.

EXCLUSIONS: This insurance does not cover any disability resulting from: (a) normal pregnancy; (b) intentionally self-inflicted injuries; (c) flight in nonacheduled stroraft; (d) war, declared or undeclared; or (e) conditions which manifested themselves to you by requiring medical diagnosis or treatment within 6 months preceding the Effective Date of this insurance and which caused loss within the 6 months following the Effective Date of this insurance; however, any disability commencing after that time resulting from such conditions shall be covered.

STANDARD PROVISIONS-DISABILITY INSURANCE

NOTICE OF CLAIM: You must send a written notice to us or our agent regarding your disability claim within 29 days after disability starts or as soon as reasonably possible. The notice should include sufficient information to identify you as an insured Debtor.

CLAIM FORMS: Upon receipt of your notice, we will send you the necessary forms for filing a claim. If you do not receive the forms within 15 working days, you can simply send us a written statement covering your disability. The statement should be signed by your physician and should include the dates as well as the nature and extent of your disability. Thereafter, claim forms are required to be filed every 30 days, while disability continues.

PROOF OF DISABILITY: The proof of total disability eigned by your physician must be sent to us no later than 90 days after the disability ends. If it is not possible to submit proof within 90 days, we will not reduce or deny a claim for this reason, if the proof is filed as soon as reasonably possible.

in any event, the necessary proof must be given no later than one year from the date the disability commenced unless you are legally incapable of doing so.

TIME OF PAYMENT OF CLAIMS: Provided written proof of disability is submitted, all benefits to which you are entitled will be payable by us to the Creditor each month. Any benefits remaining at the end of your period of disability will be paid as soon as we receive proper written proof.

Original (Branch) Copy (Customer) Copy (Ins. Co.) AHL 3627
Page 2

PHYSICAL EXAMINATION: We, at our peoperse, have the right to have you expend as often as reasonably necessary while a claim is pending.

LEGAL ACTION: No.legal action may be brought by you to recover on this insurance within 60 days after written proof o disability has been given. No such action may be taken after 3 years from the time proof of disability is given.

GENERAL PROVISIONS

AGE LIMIT: if either of you missiate your age and have attained age 67 prior to the data your debt was incurred the insurance is void. In such instance, all premiums paid will be refunded. However, if either of you correctly stated your age to be above the machinum, and a Certificate of insurance was issued in error, we have the right to terminate the coverage and refund the ful premium, provided that such refund is made prior to any claim.

PAYMENT OF CLAIMS: Any benefits paid will be paid to the Creditor to reduce or extinguish your unpaid debt. Whenever the amount of insurance exceeds the unpaid debt, any excess will be paid to a beneficiary, other than the Creditor, named by you, o to your estate. We will pay the excess, if any, by check or draft.

PREMIUM: The amount of premium charged by the Creditor for this insurance may not legally exceed that paid by the Creditor to us, on your behalf.

AUTOPSY: We, at our own expense, have the right to have an autopsy performed, unless it is not permitted by law.

TERMINATION OF INSURANCE: This insurance automatically terminates on the earliest of the following dates: 1) when you request cancellation of the insurance; 2) when the loan is paid off early, renewed or refinanced; 3) on the original schedulec maturity date of your loan; 4) upon repossession of the callateral given as security for the loan or by the loan or any portion of it being charged off or required to be charged off by law; 5) upon 6 months without a payment being made on your loan; or 6) the Expiration Date shown in the Schedule.

REFUND OF PREMIUM: If the insurance is terminated prior to the original scheduled Expiration Date, the unexamed portion of the prepaid premium will be refunded to You and/or credited to your account. Any such refund will be calculated according to the "Rule of 78". Refunds of less than \$1.00 will not be made.

CONFORMITY WITH STATE STATUTES: Any provision of this Certificate of insurance which, on its Effective Date, is in conflict with the statutes of the state in which it was issued is changed to conform to the minimum standards of those statutes.

ENTIRE CONTRACT: The policy including the certificate, any endorsements, and any attached papers, constitutes the entire contract of insurance. All statements made by the policyholder or by you will be deemed representations and not warranties. No statements made by you will be used in any contest unless a copy of the statement is or has been furnished to you or your beneficiary.

INCONTESTABILITY: Insurance under this Certificate of insurance, in an amount up to and including \$1,000 will not be contested, except for nonpayment of premiums or fraud, after it has been in force for ninety days from its Effective Date. Insurance under this Certificate of insurance, in an amount ever \$1,000 or more, will not be contested, except for nonpayment of premiums or fraud, after it has been in force during Your lifetime for one year from its Effective Date. No statement made by or on behalf of You relating to your insurability will be used in a contest of his insurance unless it is contained in a written statement aigned by you, and a copy has been furnished to you and/or your beneficiary.

TRANSFER PROCEDURE: We reserve the right to enter into an agreement with another insurer to transfer the liability under this Certificate without prior notice to You. We shall be relieved of all liability transferred, and the assuming insurer shall be directly and solely liable to You for those obligations or risks.

Pot B Cally President

Copy (Ins. Co.)



ARBITRATION AGREEMENT

THIS ARBITRATION AGREEMENT PROVIDES THAT ALL DEPUTES BETWEEN BORROWER AND CERTAIN OTHER PERSONS ON THIS ARBITRATION AGREEMENT PROVIDES THAT ALL DESPUTES BETWEEN BORROWER AND CERTAIN OTHER PERSONS ON THE ONE HAND -AND-PERSONS AND CERTAIN OTHER PERSONS AND ENTITIES ON THE OTHER HAND, EXCEPT THOSE SPECIFIED BELOW, WILL BE RESOLVED BY MANDATORY, SENDING ARBITRATION. YOU THUS CITY UP YOUR RIGHT TO GO COURT TO ASSERT OR DESPITED TOUR RIGHTS CECRIT FOR MATERISTICAL ARE EXCLUDED FROM ARBITRATION AS SPECIFIED BELOW). YOUR RIGHTS WILL BE DETERMENED BY A NEUTRAL ARBITRATOR AND NOT A RIDGE OR JURY. YOU ARE ENTITLED TO A FAIR HEARING, BUT THE ARBITRATION PROCEDURES ARE SIMPLER AND MORE LIMITED THAN RULES APPLICABLE IN COURT.

ALPHA SMITH 2913 MCFARBEN DR	LENDER CITIFIERECIAL CORPORATION, LLC 3909-B PEPPERELL PARKWAY OPELIKA AL 36601
TUSKEGEE AL 36083 Date of Note 03/11/2004	Account Number #2352
Did 01.1000 03/22/2004	<u> </u>

In consideration of Lender making the extension of credit described in the instrument evidencing your loss ("Note") and other good and valuable consideration, the seceipt and sufficiency of which is acknowledged by both parties, You and We agree that either You or We have an absolute right to demand that any Claim be submitted to an arbitrator in accordance with this Arbitration Agreement. If either You or We file a lawsuit, counterclaim, or other action in court, the other party has the absolute right to demand arbitration following the filing of such action.

Definitions for Arbitration Agreement. As used in this Arbitration Agreement ("Agreement"), the following deficitions will apply: "You" or "Your" means any or all of Borrower(s) listed above and Non-Obligor(s) who execute the Hose, and their beirs, sorviv erivora, ausiena, and

"We" or "Us" or "Our" means the Lender under the Note listed above, its past, present or fixture respective perents, subsidiaries, affiliates, predecessors, assignoss, successors, and their respective employees, agents, directors, and officers (whother acting in their corporate or individual

capacity).

"Credit Transaction" means any one or more past, present, or fature extensions, applications, or inquiries of credit or fartescance of payment such as a loan, retail credit agreement, or otherwise from any of Us to You.

"Claim" means any case, controversy, dispute, bort, disagreement, lawsuit, or claim new or hereafter existing between You and Us. A Claim "Claim" means any case, controversy, dispute, bort, disagreement, lawsuit, or claim new or hereafter existing between You and Us. A Claim includes, without limitation, anything related to:

 The Note, this Agreement, or the enforceability, or the arbitrability of any Claim pursuant to this Agreement, including but not limited to the scope of this Agreement and any defenses to enforcement of the Note or this Agreement; scope of this Agreement Any Credit Transaction;

Any Credit Transaction;
 Any past, present, or fisture insurance, service, or other product that is officed or purchased in connection with a Credit Transaction;
 Any documents or instruments that combain information about any Credit Transaction, insurance, service, or product;
 Any act or omission by any of Us;
 Frand or misrepresentation, including chains for failing to disclose material facts;
 Any federal or state states or regulation, or any alleged violation factor, including without ligalitation insurance, usury, and leading laws;
 Any party's execution of this Agreement and/or willingness to be bound by its terms and provisions; or
 Any dispute about closing, servicing, collecting, or embreing a Credit Transaction.

"Rules" means the then applicable rules and procedures that govern consumer disputes for the chosen "Administrator" (as defined below).

Agreement to Arbitrate Chains. Upon written request by either party that is submitted according to the Rules for arbitration, any Claim, except those specified below in this Agreement, shall be resolved by binding arbitration in accordance with (i) the Federal Arbitration Act, (ii) the then applicable Rules of the chosen "Administrator", and (iii) this Agreement, unhast We and You both agree in writing to farge arbitration. The terms of this Agreement shall control ever any inconsistency between the Rules of the Administrator and this Agreement. The party infinitely the arbitration must choose one of the three following arbitration firms ("Administrator") and follow the Rules for initiating and purcuing an arbitration:

1920 Main Street, Suite 300 Irvine, CA 92610 www.iamandr.com

American Arbitration Association 335 Madison Avenue, Piocr 10 New York, NY 10017-4605 WWW.ndr.org

National Arbitration Forum P.O. Box 50191 Missespotis, MN 55405 www.asbicration-forum.com

You may obtain a copy of the Rules and a form of demand for arbitration for each Administrator by sontacting the Administrator or by accessing the Administrator's internet site. We or You may bring an action, including a summary or expedited proceeding, to compel arbitration of any Claims, and/or to stay the Ritgation of any Claim pending arbitration, he any court having jurisdiction. Such action may be brought at any time, even if a call in a lawsuit, up until the entry of a final judgment. You and We shot agree to submit to final, binding arbitration not only all Claims, but also any claim or dispute You or We have against (i) all persons and/or entities involved with any Credit Transaction or any other matter relating to this Disclosure Statement, Note and Security Agreement, (ii) all persons and/or entities who signed, or executed any document relating to any Credit Transaction or Claim, and (iii) all persons and/or entities who may be jointly or severally liable to either You or any of Us regarding any Claim.

Judgment. Judgment upon any arbitration award may be entered in any court having jurisdiction. If timely requested by either party, the arbitrator shall provide a brief written statement of the reasons for any award.

alous Excluded from Arbitration. Neither You por We may require the other to arbitrate the following types of mattern:

Any action to the extent necessary to obtain a judicial order for the purpose of (a) effecting a freeclosure or transferring this being foreclosed, or permitting exercise of entra-judicial or self-help repossession under applicable law, with respect to an interest in property, or (b)

or permitting exercise of extra-judicial or self-help repossession under applicable law, with respect to an interest in property, or (9) establishing, perfecting or clearing title, with respect to an interest in property.

Any Claim where all parties collectively (including makingle named parties) seek monetary rulled in the aggregate of \$15,000.00 or less in total relief, including interest limited to compensatory, stansory and parties) seek monetary rulled in the aggregation, disgorgations, costs and feet (including anteresys) fees); or any Claim brought is and subject to the jurisdiction of a small elaims court, so long as such matter remains in such court and advances only an individual, non-class Claim. Any Claims asserted on behalf of a putative class of persons, will, for purposes of this exclusion, be deemed to exceed \$15,000.00. In the event that any party falls to specify the amount being sought for any relief, or any form or component of relief, the amount being sought shell, for purposes of this exclusion, be deemed to exceed \$15,000.00, unless the matter remains in and subject to the jurisdiction of the small claims court.

The institute in a learnable authorization of the small claims court shall not union the right to arbitrate any other Claim.

Participating in a lawsuit or seeking enforcement of this section by a court shall not waive the right to arbitrate any other Claim.

Administration of Arbitration. Arbitration shall be administrated by the classes Administrator, but if each Administrator is mable or unwilling to Administrator, then an alternate Administrator shall be chosen by the party initiating the arbitration and that Administrator shall administer any arbitration required under this Agreement pursuent to its Rules. The arbitrator shall make his or her decision is accordance with the applicable law, and shall be compowered to award any damages or other reddings, unless all parties agree to another location. Place of Arbitrators shall be conducted in the county of Your residence, unless all parties agree to another location.

Appeals. Either You or We may appeal the arbitrator's award in accordance with the disc applicable Optional Appeals Procedures of JAMS or in accordance with procedures otherwise agreed to by You and Us, and the award may be subject to judicial review on the grounds stated in 9 U.S.C. as 10.

9 10.

No Class Actions/No Joinder of Parties. You agree that any arbitration proceeding will only consider Your Claims. Claims by or on behalf of No Class Actions/No Joinder of Parties. You agree that any proceeding that is considering Your or Our Claims. Because You have agreed to arbitrate all Claims, You may not serve as a class representative or participate as a class member in a putsetive class action against any party estimate arbitration under this Agreement.

Depositions. After a demand for arbitration is made, You and We may conduct a limited nutrities of depositions by mutual agreement. Any disagreements concerning the taking of depositions will be resolved by the arbitrator.

Borrower's Initials:

Costs. Unless the Rules of the Administrative equire allocation more beneficial to Yeu, the confirmation proceeding shall be divided as follows:

- follows:

 The party making demand upon the Administrator for arbitration shall pay to the Administrator the filing fee required by the Rules when the demand is making except that We will pay the amount of the filing fee in cases of the amount of the file that would be required for You to file a lawwait in Your particulation. In addition, we will pay to the Administrator all other administrative costs of the arbitration proceeding. However, the arbitrator may aware Us, in accordance with Rules, the excess amount of any such filing five and any other arbitration administrative costs. We incur if the arbitrator demands that the Claim was made in bad fishe or lacks any justification on Your part. Despite our agreement to pay costs and fees described above, you have the option to pay Your share of filing fives and administrative costs consistent with the applicable Rules.

 Each party shall pay his/her own attenday, expert, and wisness thes and expenses, unless effectwise required by law or by other terms of the Notes.

Governing Law. This Agreement is governed by federal law and by the laws of the state where the closing of the Credit Transaction took place, but only to the extent that such state laws are consistent or acceptable with federal law.

Interpretation. Furisdictional and arbitrability dispute, including disputes over the existence, validity, interpretation or scope of this Agreement under which arbitration is sought, shall be submitted to and ruled on by the arbitrator, unless the relevant law requires that a court of competent jurisdiction makes such determinations. The arbitrator has the audiority to determinal jurisdiction and arbitrability prior to conducting a full hearing on

me morm.

Severability. If the arbitrator or any court determines that one or more terms of this Agreement or the Rules are unesforceable, or would make this Agreement membroceable, only such terms(s) shall be deemed transforceable and shall be deemed striction from this Agreement, but such determination shall not impair or affect the embroceability of the other terms of this Agreement or the Rules.

Survival. This Agreement applies even if the Note has been paid in fall, charged off by us, or discharged in bankruptcy. the marits

Special Acknowledgments. You understand and acknowledge by signing Your name to this Agreement that (i) a court and/or jury will not beer ac decide any Claim governed by this Agreement, (ii) the finaling for Your Credit Transaction will came in whole or in part from sources entitle this state, which will knowled cameners within the meaning of the United States Arisination Act, 9 U.S.C. \$51 et seq., as assembled, (iii) discovery in an arbitration proceeding cam be much more limited than in a court proceeding, and (iv) rights to appeal an arbitration award are very limited.

read the above arestration agreement carefully. It limits certain of your rights, including your right to obtain redress theough court action. By signing below, you agree to the terms contained in this agreement and acknowledge that this document did not contain any blank spaces when you begned

The Arbitration Agreement is a	necuted as of the "Date of Note" written	above.	
ALPHA SMITH	Borrower	AM DA	Bociowei
Non-Obligor		By: (Londey Syles fand Tile)	·

EXHIBIT A



Identification of Security Form (Valuation of Personal Property) in connection with the security egreement I (we) hereby identify the personal property securing a loan together with a total of the replacement value of the property defined below.

(we) on	IS CURRENTLY OWNED BY THE BO vn 3 television sets and 4 radios a ty the television and/or radios listed and descr	and I (we) agree to offer	REPLACEMENT VALU
(we) on	IS CURRENTLY OWNED BY THE BO	and I (we) agree to offer	
(we) on	IS CURRENTLY OWNED BY THE BO	and I (we) agree to offer	
securit	vn _3 talevision sets and _4 radios a ty the television and/or radios listed and descr	nd I (we) agree to offer	
*	ty the television and/or radios listed and descr		,
		Book Britow (If any).	world british
	ITEM	DESCRIPTION	REPLACEMENT VALU
	TELEVISIONS >25" SCREEN COMPUTER & ACCESSORIES	36" BANYO AND DVD PLAYER GATENAY AND ALL ACCESSORIES	2,000 4,000
1	COMPUTER & MCCESSORIES	>	
l		•	
1		Į	<u> </u>
1			-
1			
- 1			
ł			
			-
		·	
Ì			
- {			Ì
- 1			
[ĺ	ł
- 1			
1			
İ		Ì	
- 1			
ļ			
]			
1		1	
İ		ì	
- {		1	
		1	1
Ì		1	
1			
			1
		1	,

i (we) hereby affirm that the replacement value of goods to Date: 03/11/2004 Borrower(s) Signature	med as security on this fields trans	action is \$6_000
Annoused Signature		

01-0173	ITEMIZA	TION OF AMOUNT	FINAMCED	
Borrower(s)	Manual L	Lender	Account N	
ALPHA SMITH		CITIFINANCIAL CORPORATION, LLC	2352	
2913 MCFABBEN D	•	3909-B PEPPERELL PAR		
TUSKEGER AL 360	83	OPELIKA AL 36801	03/11/	2004
ITEMIZATION OF	AMOUNT FINANCED	:\$ 7,879.73		
		rectly (check to you) · \$	120.00 Prepaid fin	ance charge
	Amount paid on your p		alulas A Abanuada (C)	
\$5.872.88	Amount paid to others	on your behalf (sum of sche	dules A through C/	
SCHEDULE A: PRE	MIUMS PAID TO INSUF Credit Life	lance companies		
s NONE	Credit Disability			
s NONE	Property Insurance			
\$ NONE	Automobile Single	Interest		
\$ NONE				
\$				
	D TO PUBLIC OFFICIALS			
\$ NONE	License/title/registra Recording Fee	Mon t es s		
\$NONE	Stamps/intangible/t	ransfer tax		
NONE_	Release Fee			
(\$				
SCHEDULE C: PAI	D TO OTHERS			
			251	SON
AMOUNT		PAYEE NAME	REAS	ON
2,716.00	ANEX		PAYOFF OF	
305.00	CAP 1		PAYOFF OF	
472.00			Payoff of Other	ACCOUNT.
2,000.00	ALIPHA	SMITH	Olum	
1				

ANY AMOUNTS LISTED IN SCHEDULE C, PAYABLE AS BROKER FESS, APPLICATION FEE, SETTLEMENT FEE, OVERHIGHT DELIVERY FEE, FLOOD CERTIFICATION FEE OR TAX SERVICE RES ARE INCLUDED IN PREPAID FINANCE CHARGE AND NOT IN THE AMOUNT FINANCED.